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ABSTRACT

This manual was developed for agencies receiving food commodities distributed to eligible schools and noneducational organizations by the U.S. Department of Agriculture (USDA) through the California State Department of Education's Office of Surplus Property. It covers rules, regulations, and forms for recipients who are public or private schools or child-care programs. Fifteen sections cover (1) guidelines for schools, including eligibility for participation and allowable uses of the food; (2) child-care agencies' eligibility and means of participating; (3) procedures for ordering food through the regular commodities offerings every 2 months; (4) procedures for delivery and receipt of commodities; (5) commodity storage and use directions; (6) inventory control methods; (7) locations of the program's California warehouses; (8) procedures for agreements with food processing companies to process the commodities; (9) relationships with food service management companies; (10) guidelines for food losses; (11) future policy memoranda; (12) regulations "reporter"; (13) directory of California commodity program personnel; (14) 13 commodity program forms and guidelines, including distribution agreements, food storage guides, and inventory forms; and (15) copies of relevant USDA regulations. (RW)

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COMMODITY ADMINISTRATIVE MANUAL

Public and Private Schools

Compiled by the
Office of Surplus Property, Commodities Section
California State Department of Education

EA 015 364

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California Child Nutrition Policy and Procedures Handbook (1977, 1978) $1.00
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VOLUME I

COMMODITIES ADMINISTRATIVE MANUAL

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INTRODUCTION

The Agriculture Acts of 1935 and 1949, as amended, and the National School Lunch Act of 1949, as amended, provide the legal basis for U. S. Department of Agriculture's distribution of foods to eligible participants. In California, the State Department of Education, through the Office of Surplus Property, Commodities Section, is the agency responsible for distributing foods to schools and to other eligible noneducational organizations.

This manual has been developed by the Office of Surplus Property, Commodities Section, to provide recipient agencies and other interested parties with information relating to the various programs that are eligible to receive commodities donated by the U. S. Department of Agriculture.

The manual is divided into two volumes. Volume I contains information relating to public and private schools and child care programs. Volume II contains information relating to charitable institutions, summer camps, and the Summer Food Service Program for Children.

Commodities donated by the U. S. Department of Agriculture and distributed by the Office of Surplus Property, Commodities Section, are authorized under Section 6 of the National School Lunch Act, Section 32 of Public Law 320, 74th Congress, and Section 416 of the Agriculture Act of 1949.

"Section 6" foods are purchased with funds appropriated each year by Congress for child nutrition programs. Commodities secured with Section 6 funds may be distributed only to those schools and service institutions that are administered and operated under the National School Lunch Act. Foods generally available under Section 6 are chicken and turkey rolls.

"Section 32" and "Section 416" foods are purchased under the government's price support and surplus removal program. They are made available to eligible programs in order to encourage their domestic consumption by diverting them from the normal channels of trade and commerce. Foods generally available under Section 32 are: beef, pork, whole turkeys, and frozen and canned fruits and vegetables. Section 416 foods generally consist of grain products, such as all-purpose flour, whole wheat flour and cornmeal; shortening and soybean oil; peanuts, peanut granules and peanut butter; and dairy products, such as nonfat dry milk, processed cheese, mozzarella cheese, cheddar cheese, butter, and margarine.

It is the intention of the Office of Surplus Property, Commodities Section, to update this manual periodically as changes in regulations and procedures dictate.

Requests for additional information on the commodity distribution program should be referred to the Office of Surplus Property, Commodities Section.

SCHOOLS

The National School Lunch Program and the School Breakfast Program are authorized under the National School Lunch Act of 1949, as amended, and the Agriculture Act of 1935, as amended.

A nonprofit lunch program and/or approved breakfast program is defined as a food service program maintained for the benefit of children, without regard to their ability to pay for the meal. All income derived from the payments for such meals is used solely for the operation or improvement of food service programs.

Eligibility to Participate in the Program

To participate in a federal food distribution program, a school must enter into an agreement with the Office of Surplus Property, Commodities Section, for the distribution of donated foods (7 Code of Federal Regulations [CFR], Part 250.6(b)). (See Section 1401 for a copy of the agreement.)

Schools are eligible to receive commodities under the following conditions:

1. Public and private schools of high school level or below that are approved to participate in the National School Lunch Program may receive commodities under Section 6 of the National School Lunch Act, Section 32 of PL 320, and Section 416 of the Agriculture Act of 1949 (7 CFR, Part 250.8(a)).

2. Schools at the high school level and below that do not participate in the National School Lunch Program and that operate nonprofit lunch programs are eligible to receive commodities under sections 32 and 416 only. These schools must serve well-balanced, nutritious meals that are priced as a unit and that contain, as a minimum, food components from each of the four basic food groups: milk; meat or meat alternate; vegetable or fruit; and bread or cereal (7 CFR, Part 250.8(a)).

3. Eligible schools must serve complete meals to students on a daily basis. Programs that are operated fewer than five days a week on a continuing basis or that offer meals on an "a la carte" basis only are not eligible to receive donated foods.

4. If no feeding program is operated by a district or school for graded students, agreements may be entered into for the benefit of preschool-age children if complete lunches and meals are served on a daily basis. Feeding programs operated by schools for preschool-age children, regardless of the source of funds for the total program, are considered to be a part of the school lunch program or other student-feeding programs operated by the school district or school.

Allowable Uses of Commodities

Foods available under the provisions of Section 6 of the National School Lunch Act may be used in reimbursable meals approved by the Office of Child Nutrition Services in the California State Department of Education. Foods available under the provisions of Section 32 of PL 320 and Section 416 of the Agriculture Act of 1949 may be used in all meals unless otherwise restricted (7 CFR, Part 250.1).

Foods provided under the provisions of sections 32 and 416 of the federal acts may be used for banquets or other types of after-school affairs if the program is sponsored by the school primarily for students and if prior written approval is received from the Office of Surplus Property, Commodities Section. Approval may be obtained by writing to the Office of Surplus Property, Commodities Section, California State Department of Education, 721 Capitol Mall, Sacramento, CA 95814, giving a complete description of the program in which the food will be used and the number of children that will be involved in the program. Affairs such as father and son banquets do not qualify, but a banquet for students in the school band or members of the school's athletic team would qualify.

Home Economics Classes and Nutrition Education and Training Program

Schools receiving federally donated commodities for school lunch programs may provide such foods for use in home economics or cooking classes and the Nutrition Education and Training Program for students at the high school level or below [7 CFR, Part 250.8(a)]. Foods may not be ordered especially for home economics classes but must come from the food allocated for the school's lunch program. An approved school program must be in effect in the school district in which food classes are held to qualify the school to use donated foods in such classes.

The school food service director has the responsibility to determine the amount of donated foods that can be made available for training. As in the past, the distributing agency will not replace donated foods used for this purpose.

Educational Camping Programs

Schools conducting outdoor educational camping programs during the regular school term or summer schools that are considered an integral part of the school curriculum may use federally donated commodities in meals served at the camp. The school must assume responsibility for any unused commodities and either (1) return them at the end of the program to the regular school lunch program; or (2) request disposal or transfer instructions from the Office of Surplus Property, Commodities Section.

If an outdoor education program is coordinated through the office of a county superintendent of schools, that office must ensure that all commodities remaining at the end of the program are returned to the Office of Surplus Property, Commodities Section, or transferred in accordance with instructions from the Office of Surplus Property, Commodities Section.

Testing or Demonstration

Donated foods may be ordered and used by public or private schools engaged in a bona fide experimental testing or demonstration work if prior written approval has been received from the Office of Surplus Property, Commodities Section (7 CFR, Part 250.4(g)).

Use of School Feeding Facilities for the Elderly

Feeding programs for the elderly are <u>not</u> eligible to receive donated foods from the school's lunch program.

Nutrition programs for the elderly are eligible to apply as charitable institutions and, as such, may receive foods under Section 416 of the Agricultural Act of 1949 (7 CFR, Part 250.8(h)). (For information on charitable institutions, please contact the Office of Surplus Property.)

CHILD CARE AGENCY

Eligible child care agencies may participate in either (1) the National School Lunch Program (7 CFR, Part 250.6(b)); or (2) the Child Care Food Program (7 CFR, Part 226). Agencies approved to participate in either program may be eligible to receive commodities. The following information describes the differences in the two programs relative to the commodities program.

National School Lunch Program - Child Care

Child care agencies that are approved to participate in the National School Lunch Program are eligible for foods available under the provisions of Section 6 of the National School Lunch Act, Section 32 of PL 320, and Section 416 of the Agriculture Act of 1949. The amounts of commodity food an agency is allowed will be determined by that agency's average daily participation (ADP) for approved lunches.

Child Care Food Program

The Child Care Food Program is authorized under Section 17 of the National School Lunch Act (7 CFR, Part 226). This Act authorizes the distribution of commodity foods to those agencies that choose commodities instead of cash (7 CFR, Part 226.7(b)-8).

The quantity of commodities an agency is allowed is determined by the agency's average daily participation (ADP) for approved lunches and suppers (7 CFR, Part 226.7(g)). Approved Child Care Food Program participants are eligible to receive foods made available under Sections 6, 32 and 416 cited above, equal to the value of the cash that could be received if the participant chooses cash instead of commodities (7 CFR, Part 226.5 and 226.5(b)).

In California, it has been determined that those agencies serving an average of 50 or more complete meals daily would probably benefit from the receipt of commodities instead of cash (a combination of lunches and suppers equal to 50 is acceptable). When deciding whether to accept cash or commodities, it is recommended that the child care agency administrator give careful consideration to the following:

1. The facility should have adequate food preparation, personnel, and equipment.

2. The agency must have adequate and secure dry storage, refrigerated and freezer storage, or available commercial freezer storage.

3. The administrator should also consider the types of available commodities to determine if his or her program can effectively use most of the foods which would be made available to the agency.

FOR EXAMPLE: If the agency prepares most foods from scratch, the agency could probably use most of the foods offered. If the agency purchases a large quantity of prepared food items and does a limited amount of baking, the agency

would probably not use an equal amount of commodities and would do better to choose cash instead of commodities.

Child care administrators must be aware that the choice of commodities or cash is a decision to be considered each school year. A school year is July 1 through June 30 (7 CFR, Parts 226.5 and 226.5(b)).

Eligibility for Commodities

Public and private nonprofit child care agencies may be eligible to receive donated commodities under one of the following conditions:

1. They are approved for participation in the National School Lunch Program and have entered into an Agreement for Distribution of Donated Food (see Section 1401) (7 CFR, Part 250.6(b)).

2. They are approved for participation in the Child Care Food Program and have chosen commodity foods in lieu of cash for the school year (7 CFR, Part 226.7) and have entered into an Agreement for Distribution of Donated Food (see Section 1401) (7 CFR, Part 226.7).

3. Child care agencies that choose not to participate in the National School Lunch Program or the Child Care Food Program and that serve complete meals daily to enrolled children may be eligible for Section 416 (Agriculture Act of 1949) foods as a charitable institution. (For information in regard to charitable institutions, call the Office of Surplus Property, Commodities Section).

COMMODITY OFFERINGS AND ORDERING PROCEDURES

The donated commodities offered to public and private schools are grouped in essentially two categories. The first group is identified as commodities available under the provisions of Section 6 of the National School Lunch Act and Section 32 of PL 320; and they are beef, pork, chicken, turkey, turkey rolls, frozen and canned fruits, and vegetables. The second group consists of commodities available under the provisions of Section 416 of the Agriculture Act of 1949; and they are grain products such as all-purpose flour, whole wheat flour, cornmeal, shortening, soybean oil, peanut granules and peanut butter, and dairy products such as nonfat dry milk, processed cheese, mozzarella cheese, cheddar cheese, and butter or margarine.

In addition to these commodities, the Office of Surplus Property, Commodities Section, makes available at a substantial savings to local agencies several products manufactured from excess quantities of donated commodities. Products such as pizza, cookies, baking mixes, rice pilaf, monterey jack cheese, and mayonnaise have been offered to local agencies participating in the donated commodity program.

Food Offering Schedule

Commodities are offered to eligible recipient agencies every two months. The Regular Food Offering Schedule (see Section 1402 of this manual) is sent to each eligible agency at the beginning of each fiscal year so that current information is always available concerning mailing dates of offerings. Offerings are listings of commodities available for distribution to eligible recipient agencies. See USDA Regulation 250.4--Availability of Donated Foods.

General Instructions for Completing Forms for Food Offerings

1. Offering forms should be completely filled out, manually signed, and returned to the office whose address appears on the heading of the form. All forms should be returned whether or not food is ordered.

2. It is not necessary to order the maximum quantity authorized on any offering. Only order what can be used without waste during each two-month period covered by the offering. No cases or sacks will be split. Fractions of one-half or larger should be considered one full unit, and fractions of less than one-half should not be ordered. See USDA Regulations 250.6--Obligations of Distributing Agencies.

3. AGENCIES WITH LESS THAN FIFTY (50) AVERAGE DAILY PARTICIPATION SHOULD REVIEW THEIR ORDERS CAREFULLY SO THAT THEY DO NOT ORDER MORE THAN THEY CAN USE AND STORE PROPERLY.

4. The correct shipping address should be entered on the offering form, because truck drivers are not permitted to deviate from the shipping instructions given to them. It is not possible to deliver part of a single commodity to one point and the balance to some other address. It is possible, however, to deliver perishable commodities requiring refrigeration storage to one address and staple commodities to a different address if this information is given on the returned offering form. IF ANY SPECIAL DELIVERY INSTRUCTIONS ARE NECESSARY, BE SURE TO INDICATE ALL ADDITIONAL INFORMATION ON ALL PAGES OF ORDER.

5. A physical inventory of the amount of food on hand should be taken prior to entering the amount ordered on the offering form. It is not necessary to deduct the amount on hand, but it must be considered when determining the amount needed for the offering period.

6. Whenever commodities are offered in more than one pack (designated with brackets"[ ]" or an asterisk "*"), any combination may be ordered but only up to the maximum units allowable for that commodity.

7. All orders will be considered void if not received by the Office of Surplus Property, Commodities Section, on or before the date designated on the order form.

Special Instructions for Category "A" Commodities

1. Commodities available under the provisions of Section 6 of the National School Lunch Act are offered and issued only to schools and service institutions that are administered and operated under authority of the National School Lunch Act. Section 6 (Category "A") commodities are purchased by the U. S. Department of Agriculture with National School Lunch Program funds and are limited in supply and may not be ordered in quantities greater than indicated by the commodity factor given on each offering form (see Section 1403 of this manual for a sample copy of the form).

2. Category "A" foods may be ordered only for those meals which meet the reimbursable meal pattern.

3. The average daily participation (ADP) must be entered in the proper place on the order form. ADP may be determined by dividing the sum of all reimbursable pattern meals served to graded students and preschool children by the number of days on which meals were served. This computation should be identical to that submitted to the Office of Child Nutrition Services on the Claim for Reimbursement.

   If an incorrect ADP is entered on the offering form, it may be necessary to bill the school for the fair value of all commodities ordered and received in excess of the quantity to which they were entitled.

4. For Category "A" foods, the maximum supply that may be ordered is calculated by dividing the figure entered in Item A (average number of reimbursable meals served daily to graded and preschool children) by the factors shown for each commodity in column 1 on the offering form.

5. Each year, a few schools and school districts sign National School Lunch agreements after the school has opened in the fall. Also, some school districts already in the program open additional lunch programs during the school year. When this situation occurs, Section 6 foods may not be ordered until the new program has served lunches at least five consecutive days. This requirement is necessary to arrive at an average daily participation figure.

Use of Donated Foods in Home Economics Classes and Nutrition Education and Training Programs

Foods may not be ordered especially for home economics classes or nutrition education training programs but must come from the food allocated for the school's lunch program.

Commodities for Outdoor Education Camping Programs

Because all educational camping programs do not operate at the same time during the year, it is the responsibility of the sponsoring agency to notify the appropriate warehouse approximately a month in advance of the start of the program so that offerings may be mailed in time. No foods may be ordered earlier than one month before the start of the program for which they are to be used, and no more than two months' supply may be ordered at any one time. Foods may not be ordered during a fall program for use in a spring program.

The Office of Surplus Property, Commodities Section, must be supplied with the program schedule showing anticipated dates and the number of students involved. Any necessary alterations to this schedule should be brought to the attention of the warehouse promptly.

DELIVERY AND RECEIPT OF COMMODITIES

All shipments of commodities are made either by state trucks or by commercial carriers, freight prepaid. Drivers are NOT required to haul foods inside buildings. No recipient should pay any freight charges requested by delivering carriers. Damaged commodities may be rejected. If this is done, be sure that the proper notations are made on the delivery receipt form. Please report all discrepancies and damages immediately to the Office of Surplus Property, Commodities Section Warehouse.

Delivery by State Truck

When foods are delivered to agencies by State truck, delivery receipts are presented. All deliveries should be checked to make certain that the correct commodities in the correct amounts have been received, and any discrepancies must be noted on the delivery receipt before it is signed. For foods delivered by State truck to a cold storage plant, see "Bill of Lading" section of the receipt.

Delivery by Commercial Carrier

When foods are delivered by commercial carrier, the agency is required to sign a delivery form acknowledging receipt of all items listed. Any discrepancies in delivery must be noted on all copies of the form. It is particularly important that deliveries by commercial carriers be very carefully checked for shortages, overages, damages, or any other discrepancies. Any such discrepancies must be noted on the carrier's receipt form and the copy of the form that is to be retained by the agency before it is completed and signed by the agency. Damaged commodities may be rejected. If this is done, be sure that the proper notation is made on the delivery receipt form. Drivers for commercial carriers are required to give tailgate delivery only.

Bill of Lading

At the time the Office of Surplus Property, Commodities Section, sends the invoice to the agency, the Bill of Lading (see Section 1405) listing commodities shipped by commercial carrier--or by State truck to a cold storage plant--is included. The agency must confirm the receipt of the commodities by signing and returning the agency copy (copy 3) of the Bill of Lading immediately. FAILURE TO RETURN THE SIGNED COPY 3 OF THE BILL OF LADING WITHIN 60 DAYS FOLLOWING THE INVOICE DATE MAY RESULT IN SUSPENSION OF THE AGENCY FROM FURTHER PARTICIPATION IN THE FOOD DISTRIBUTION PROGRAM.

In addition to the signature, the agency's copy (No. 3) of the Bill of Lading, whether for deliveries by State truck or by commercial carrier, should show the date the foods were received and the title of the person receiving and signing for the shipment.

Any overage or shortage should be properly noted on the bottom of the Bill of Lading in the spaces provided. If a commodity previously reported as a shortage is received before the agency completes and returns this form, such information should be noted on the form, including the date the shortage was received.

In the event of a shortage, a claim for the full fair market value of the commodity will be made against the agency if, at the time of delivery, the commercial carrier's receipt form is signed without any shortage or discrepancy noted, even if the agency's copy of the Bill of Lading (Copy 3) indicates a shortage when it is returned to the warehouse by the agency.

Example: A commercial carrier delivers a number of commodities to an agency and the carrier's receipt form is signed, indicating all items were received. Later the agency's copy of the Bill of Lading is returned to the state agency division office with a notation of a shortage of one baler bag of cornmeal and one case of shortening. On the basis of this information the OSP Commodities Section would make a claim against the agency for the full fair market value of the commodities reported to be short on delivery.

Return of Containers

When perishable commodities are shipped in insulated containers in lieu of refrigerated truck, the agency should unload and return the empty containers promptly via the same truck which delivered the commodities. If delivery is made by commercial carrier, the freight charges for return of the containers should be "collect," to the Office of Surplus Property, Commodities Section, and the containers should be described as "empty containers, returning" on the Bill of Lading.

Time and Place of Delivery

Every effort will be made to complete deliveries of commodities within three weeks after the correctly completed offering form has been returned.

All deliveries will be made only to the shipping address given on the returned offering form.

When foods are delivered by State truck or commercial truck, the receiving agency is expected to be capable of accepting the food during a regular work day, normally 8 a.m. to 5 p.m. No deliveries will be made on weekends or holidays. If special delivery instructions are necessary, they must be placed on the order form. Every effort will be made to comply with the request. However, no guarantee can be made.

If an agency celebrates holidays other than the standard national holidays, it should notify the Office of Surplus Property, Commodities Section, of the matter if it will affect the regular predetermined delivery schedule.

Agencies desiring to pick up commodities rather than have them delivered may do so 48 hours after the offering form has been returned. Arrangements should be made by phone with the warehouse to ensure that order has been received and processed. Service and handling charges will not be reduced even though commodities are picked up.

STORAGE AND USE OF COMMODITIES

No commodities should be ordered by any agency at any time if the storage requirements that are stipulated on the Commodity Storage Guide (see Section 1406), the Food Storage Guide for Schools and Institutions (see Section 1407), and the requirements that may appear on individual offering forms cannot be met.

Except when food is stored in commercial warehouses, no commodities should be stored or prepared in any facility that is not an integral part of the feeding program that is under agreement with the Office of Surplus Property, Commodities Section. Under no circumstances should food be stored or prepared in a private dwelling.

Commodities must be used on a "first-in, first-out" basis and should be used within the period covered by the offering.

Good housekeeping practices must be followed to ensure cleanliness and orderliness in all food storage areas. Any foods dropped or spilled on the floor must be cleaned up immediately, because these foods invite rodent and insect infestation. Empty containers and sacks should not be permitted to accumulate in the storage area.

All food storage areas must be rodent-proofed. Openings that are one-half inch or larger must be covered or sealed. Effective ways of controlling both rodents and insects are by extermination and fumigation. Both of these services should be rendered by a reputable licensed company.

Foods that absorb odors must be segregated from those foods and other items that give off odors. Such items as paint, kerosene, gasoline, oils, naphthalene, soap, wax, or polishes must not be stored in the same area as foods.

Cool, dry storage must be provided for all commodities not requiring freezer or refrigerated storage. The storage area must be properly ventilated to assist in controlling temperature and humidity.

Commodities susceptible to infestation must not be stored near heat-generating equipment or warm pipes. Keep such foods away from direct sunlight.

All foods must be stored off the floor. Dunnage or shelves must be provided, with space left between the walls and the food to ensure proper air circulation. This applies also where walk-in type freezers and coolers are used.

Appropriate precautions should be provided to guard against loss by fire or theft. Storage areas should be adequately equipped with fire protection and alarm systems.

Foods should be stored only in coolers and freezers that are operating properly and are in good repair. Adequate preventative maintenance should be provided as well as routine inspection of equipment, especially during periods when schools are not in session. In the event of food loss because of improper storage, handling, or poor utilization, the agency will be required to pay the full fair market value of the spoiled commodities.

Schools should never carry more than a one-month's normal supply of any commodity over the summer months and then only if proper storage conditions can be continuously provided. All-purpose flour, whole wheat flour, rolled wheat, cornmeal, rice, and all other grain products must be refrigerated if carried over the summer months.

Oversupplies of any commodity should be reported to the state agency division office for pickup or redistribution to other eligible recipients. No credit is allowed for the return of commodities because of oversupply.

INVENTORY CONTROL

The Office of Surplus Property, Commodities Section, mails annual inventory report forms to all recipient agencies (see Section 1408).

The purpose of this annual inventory is to:

1. Inform Office of Surplus Property, Commodities Section, of stocks on hand and estimated utilization at local agencies.

2. Serve as a guide for ordering from the Department of Agriculture.

3. Assist local agencies in more efficient ordering of commodities from the Office of Surplus Property, Commodities Section.

4. Provide the Office of Surplus Property, Commodities Section, with current information, such as address, telephone number, average daily participation, and food service director's name.

5. Provide audit information to identify local agencies requiring assistance.

See Section 1409 for detailed instructions for completing the Office of Surplus Property, Commodities Section, Annual Inventory Report. Also, see Section 1410 for a suggested monthly inventory format and Section 1411 for a sample perpetual inventory card.

In instances when excessive stock has been accumulated, agencies should discontinue ordering those items which cannot be used within a two-month period. Oversupplies of any commodity should be reported to the Office of Surplus Property, Commodities Section, for return or redistribution to other eligible recipients.

Food cannot be returned or transferred unless it is in wholesome condition. All returns are to be shipped at the recipient agency's expense. (See Section 1412 for complete instructions for the transfer of USDA commodities.)

Summer Programs

Federal regulations restrict the use of donated commodities by summer camping programs for children during months of May through September. Donated commodities may not be used for a camping program, conferences, retreats, or any other type of function held at other times during the year, except as provided in the following paragraphs (see 7 CFR, Part 250.3 for definition of nonprofit summer camps for children).

Sponsors of food service programs administered and operated under authority of the National School Lunch Act for children on school vacation at any time under a continuous school calendar may receive donated foods. Sponsors of such programs should notify the Office of Surplus Property 30 days in advance of the date the program is scheduled to begin.

At the close of the summer program or at the close of the program operated under a continuous school calendar, program sponsors are required to furnish the Office of Surplus Property Warehouse with an ending inventory report within five days following the close of the food service program (see Section 1413). To assist sponsors in reporting commodities on hand at the close of the food service program, blank forms are provided with the commodity offering.

All food remaining on hand must be returned to the Office of Surplus Property Warehouse at the food service program's expense within 15 days after the close of the program. NO CREDIT IS ALLOWED FOR THE RETURN OF COMMODITIES BECAUSE OF AN OVERSUPPLY.

WAREHOUSE LOCATIONS FOR COMMODITY PROGRAM

Office of Surplus Property
Commodities Distribution Center
2325 Moore Avenue
Fullerton, CA 92633
(714) 922-0900

Counties served:

GROUP I

County No. and Name of County

13 Imperial
24 Inyo
15 Kern
26 Mono
30 Orange
33 Riverside
36 San Bernardino
40 San Luis Obispo
42 Santa Barbara

GROUP II

County No. and Name of County

19 Los Angeles
37 San Diego
56 Ventura

Office of Surplus Property
Commodities Distribution Center
600 Bercut Drive, Suite C
Sacramento, CA 95814
(916) 324-0162

Counties served:

GROUP I

County No. and Name of County

2 Alpine
3 Amador
5 Calaveras
9 El Dorado
10 Fresno
16 Kings
20 Madera
22 Mariposa
24 Merced
27 Monterey
29 Nevada
31 Placer
35 San Benito
39 San Joaquin
41 San Mateo
43 Santa Clara
44 Santa Cruz
50 Stanislaus
54 Tulare
55 Tuolumne

GROUP II

County No. and Name of County

1 Alameda
4 Butte
6 Colusa
7 Contra Costa
8 Del Norte
11 Glenn
12 Humboldt
17 Lake
18 Lassen
21 Marin
23 Mendocino
25 Modoc
28 Napa
32 Plumas
34 Sacramento
38 San Francisco
45 Shasta
46 Sierra
47 Siskiyou
48 Solano
49 Sonoma
51 Sutter
52 Tehama
53 Trinity
57 Yolo
58 Yuba

FURTHER PROCESSING AGREEMENTS

The U. S. Department of Agriculture regulations allow recipient agencies to enter into written agreements with food processing companies for the processing of donated commodities into different end products [see 7 CFR, Part 250.6(n)].

The Office of Surplus Property, Commodities Section, has developed a standardized agreement format which includes all basic federal and state agreement requirements and outlines responsibilities of both the recipient agency and the processor. All processing agreements are required to be submitted under this standardized format [7 CFR, Part 250.15(d)]. (The sample agreement appears in Section 1414.)

In addition to the basic agreement form, each agreement must be accompanied by exhibits which contain specific information on the commodities to be used and the end products to be produced.

These exhibits describe the end product(s) to be produced, the quantity of ingredients needed to produce a specific number of each product, and the amount to be charged to the recipient agency for ingredients and services furnished by the processor [7 CFR, Part 250.15(d)(4)].

In some instances, a recipient agency and/or processor will utilize a third party--i.e., a broker, a distributor, or another processor--in carrying out the objectives of the agreement. When this occurs, it is necessary that an addendum be made to the basic agreement in which the third party agrees to comply with the conditions of the agreement and which may also impose additional conditions upon the third party.

The agreement should be prepared jointly by the recipient agency and the processor and may be submitted to the Office of Surplus Property, Commodities Section, by either party; and it is the responsibility of the recipient agency to ensure that donated commodities are not processed without an approved agreement in force.

Agreement Approval Process

Each agreement is reviewed by the Office of Surplus Property, Commodities Section, to ensure that all required exhibits and addendums have been included and to determine whether the agreement contains appropriate yield factors and commodity allowance amounts [7 CFR, Part 250.15(m)].

When appropriate, the Office of Surplus Property, Commodities Section, reviewer consults with the Office of Child Nutrition Services to determine whether the end product(s) to be produced meets required nutritional standards under the regulations governing the child nutrition programs.

Upon successful completion of the Office of Surplus Property, Commodities Section's review, and the Office of Child Nutrition Services review, if appropriate, the agreements will be approved by the Office of Surplus Property, Commodities Section, and copies will be distributed to all parties involved, including Office of Child Nutrition Services and the Department of Agriculture.

Records and Reports

The recipient agency is required to provide the Office of Surplus Property, Commodities Section, with documentation of all shipments of commodities to processors and to maintain sufficient records to ensure accountability for all commodities provided to the processor [7 CFR, Part 250.15(r)].

The processor is required to maintain records and furnish reports as described in paragraph 12 of the agreement [see Section 1417 and 7 CFR, Part 250.15(r) in Section 1800].

Any third parties to the agreement, such as sub-processors or distributors who are involved in the production, storage, or delivery of either the raw commodity or the finished product, must sign an addendum to the agreement. This addendum binds all third parties to the same obligation of recordkeeping and reporting as the contracting parties.

Monitoring by The Office of Surplus Property

The Office of Surplus Property, Commodities Section, staff will regularly review activity reports submitted by processors to ensure that commodities are being used and accounted for in accordance with the agreement exhibits, and that commodity inventories at processors' facilities are not excessive.

Periodic on-site reviews will be conducted to verify information contained in activity reports.

FOOD SERVICE MANAGEMENT COMPANIES

Eligible agencies (except Summer Food Service Program for Children) may employ food service management companies or arrange to have another organization prepare the donated commodities received from the Office of Surplus Property, Commodities Section, provided that such services are contracted on a fee-for-services basis and the contracts are approved by the Office of Surplus Property, Commodities Section, or the U. S. Department of Agriculture, when applicable. The contracts shall contain the following express provisions:

1. If the food service management company also purchases food as a part of its services, the amount due by the program as reimbursement for food purchases shall be accounted for separately and apart from the management fee.

2. Commodities received by the program shall be used only for the benefit of the feeding operation of that particular organization.

3. The books and records of the food service management company pertaining to the feeding operation of the program shall be available for: (1) a period of three years from the close of the fiscal year to which they pertain; and (2) inspection and audit by representatives of the Office of Surplus Property, Commodities Section, and the U. S. Department of Agriculture at any reasonable time and place.

4. Sponsors of programs administered and operated under authority of the National School Lunch Act should contact the Office of Surplus Property, Commodities Section, for additional information concerning requirements and contract provisions involving food service management companies.

If a sponsor has contracted for the services of others to conduct its feeding program, and the contract with the food service authority has not been approved by the Office of Surplus Property, Commodities Section, or the U. S. Department of Agriculture, a copy of the contract should be forwarded to the Office of Surplus Property, Commodities Section, at the earliest possible date.

Contracts between food service management companies and sponsors must be approved by the U. S. Department of Agriculture before any federally donated foods can be obtained.

COMMODITY LOSSES

Any federally donated foods received in a defective or otherwise unusable condition because of damage during shipment, faulty processing, or any other causes, or any federally donated foods that become spoiled or otherwise out of condition while in the possession of the recipient agency must be reported to the Office of Surplus Property, Commodities Section, warehouse immediately by telephone or letter [7 CFR, Part 250.6(b)(2)]. The warehouse will then send the recipient agency an "Out-of-Condition" form (Report of USDA Commodity Loss, Section 1404) and will instruct the agency concerning disposal of the unusable commodities after all necessary information has been submitted (7 CFR, Part 250.7).

Out-of-condition foods must not be destroyed or otherwise disposed of without prior approval of the Office of Surplus Property, Commodities Section, but should be set aside by the school and held pending disposal instructions. In the event of infestation or other contamination, the agency must exercise care to prevent the spread of the condition to other usable commodities prior to receipt of disposal instructions.

The regulations of the U.S. Department of Agriculture require a claim determination to be made whenever commodities it furnishes are unavailable for any reason for serving to the persons for whom they were issued [7 CFR, Part 250.6(b)(3)].

Any agency may be found liable for any loss of commodities if the commodities were not used during the period for which they were allocated (usually two months) or if proper storage conditions were not provided. Agency liability may result under other circumstances also if it appears that the agency's neglect caused the loss.

In addition to the more common causes of loss of USDA commodities, the unauthorized diversion of food to improper use is also considered a loss and results in a liability to the recipient agency.

Foods may also be lost by theft. It is important that keys to storage areas be issued only to authorized district personnel.

If the recipient agency has been determined to be liable for the loss of USDA commodities, a claim against the agency may be satisfied by having the agency submit a check for the fair market value of the loss or by having the agency provide proof of purchase of replacement foods of comparable quantity, quality, and/or value.

POLICY MEMORANDA

Policy Memoranda may be placed in this section.

MEMORANDA NUMBER	DATE	INSERTED BY (INIT)	MEMORANDA NUMBER	DATE	INSERTED BY (INIT)	MEMORANDA NUMBER	DATE	INSERTED BY (INIT)

REPORTER

(Issues of the Reporter may be placed in this section.)

REPORTER NUMBER	DATE	INSERTED BY (INIT)	REPORTER NUMBER	DATE	INSERTED BY (INIT)	REPORTER NUMBER	DATE	INSERTED BY (INIT)

COMMODITY PROGRAM DIRECTORY

James B. Nelson, Director Office of Surplus Property	(916) 445-4778
S. M. Delano, Chief Commodities Section	(916) 445-4943
Distribution Unit	
Shirley Rose, Manager	(916) 445-4943
Bea Eisler, Direct Shipments Coordinator	(916) 445-4943
Northern California Distribution Center	
Bob Broadfoot, Manager	(916) 324-0162
Southern California Distribution Center	
Leonard Strayhorn, Manager	(714) 992-0900
Field Services Unit	
Scott S. Barton, Manager	(916) 445-4943
David Allen, Program Assistance	(916) 445-4943
Judith Anderson, Program Assistance	(916) 445-4943
Eleanor Conley, Program Assistance	(916) 445-4943
Carol Guenther, Program Assistance	(916) 445-4943
Cliff Johnsrud, Program Assistance	(916) 445-4943
Robert Maldonado, Coordinator Local Processing Contracts and Technical Management	(916) 445-4943
Al Curry, Analyst Local Processing Contracts and Technical Management	(916) 445-4943
Paul Miller, Business Service Assistant	(916) 445-4943
Statewide Processing Unit	
(Vacant), Manager	(916) 445-4943
Emily Ketchum, Product Development/ Quality Assurance	(916) 445-4943
Bonita Branstrom, Product Development/ Quality Assurance	(916) 445-4943
Myrl Pardee, Contract Administration	(916) 445-4943

COMMODITY PROGRAM FORMS

OSP-103
(Rev. 11/80)

FOR OFFICE USE ONLY
School Agreement No.
CDS No.
OSP Code No.
Fiscal No.

STATE DEPARTMENT OF EDUCATION

OFFICE OF SURPLUS PROPERTY
721 Capitol Mall
Sacramento, California 95814

AGREEMENT FOR DISTRIBUTION OF DONATED FOOD

The _____ hereinafter called the School.
(Full name of school or school district)

Mailing address _____
(Street or route and box number)

_____
(City) (ZIP code) (County)

hereby makes application for commodities donated by the Agricultural Marketing Service, U.S. Department of Agriculture, to the Office of Surplus Property, California State Department of Education, hereinafter called the State Agency, for use and disposition in accordance with the Terms and Conditions appearing on the reverse side hereof which by reference are incorporated herein.

Check the type of school or schools operating the lunch program:

1. ( ) Tax-supported public school of high school grade or under

2. ( ) Private nonprofit school of high school grade or under (Grade level _____)

3. ( ) Other (Specify) _____

Check one of the following types of nonprofit lunch and/or breakfast programs and report the average number of pupils of high school age and under eligible to receive reimbursable meals daily:

1. ( ) Participating in the National School Lunch Program

   Breakfasts _____ (Number) Lunches _____ (Number) Total _____ (Number)

2. ( ) Commodity only school

   Not participating in the National School Lunch Program but serving complete lunches to a daily average of _____ (Number) pupils.

This agreement shall remain in full force and effect until written notice to the contrary is given by the State Agency.

I, the agency authorized by the governing board of the school district (or by the chief administrative officer of a school which has no governing board) to enter into this agreement, certify that the information presented is accurate and agree to the Terms and Conditions of this agreement as they are presented on the reverse side of this form.

This application when approved by the State Agency shall constitute an agreement which shall remain in full force and effect until written notice to the contrary is given as provided in paragraph 8 of the Terms and Conditions.

_____
NAME OF SCHOOL OR SCHOOL DISTRICT

_____
PRINT OR TYPE NAME OF AUTHORIZED REPRESENTATIVE

_____
SIGNATURE OF AUTHORIZED REPRESENTATIVE

_____
TITLE

_____
DATE

TELEPHONE NO: ( ) _____

FOR OFFICE USE ONLY

APPROVED: OFFICE OF SURPLUS PROPERTY

_____
SIGNATURE OF AUTHORIZED REPRESENTATIVE

_____
TITLE

_____
DATE

I-1401-1

TERMS AND CONDITIONS

1. Commodities will be requested and accepted only in such quantities as can and will be fully utilized without waste. Any agency requesting and accepting commodities in such quantities that cannot be consumed in the period for which they were allocated may be held financially responsible for any spoilage or contamination which results in the foods being unfit for human consumption. If any commodities are on hand which cannot be efficiently utilized, a report will be made to the State Agency, requesting disposition instructions.

2. Commodities received under this agreement will be used solely for the benefit of those persons served or assisted by the School and will not be otherwise disposed of without prior written approval of the State Agency. UNDER NO CIRCUMSTANCES WILL USDA COMMODITIES BE SOLD OR TRADED. Normal food expenditures will not be reduced because of the receipt of commodities, except that this section shall not apply to the receipt of Section 6 commodities. No commodities will be processed commercially without the prior written consent of the State Agency.

3. Facilities for the proper handling, storing, and preparation of commodities requested and accepted will be provided. The State Agency and the United States Department of Agriculture are authorized to inspect the commodities in storage and the facilities or warehouses used in the handling or storage of commodities at any reasonable time.

4. Schools operating lunch programs under the National School Lunch Act are eligible to receive commodities under Section 416, Section 32, and Section 6. Schools receiving such commodities shall not discriminate against any child because of his inability to pay the full price of the lunch. Other schools of high school grade and under which operate nonprofit lunch programs are eligible to receive commodities under Section 416 and Section 32. Commodities received will be served in a common dining room wherever possible, and there will be no distinction or segregation whatever because of a person's race, creed, or national origin. It is understood that a nonprofit lunch program means a food service maintained by a school for the benifit of children, all of the income from which is used solely for the operation or improvement of the food service.

5. Containers with commercial resale value received with the commodities donated by the United States Department of Agriculture will be used by the School or sold and all proceeds deposited to the account of the lunch program. If fire and/or theft insurance is/are carried and loss of, or damage to, commodities is suffered from these causes, a claim for the full fair value of such losses will be filed and a complete written report made to the State Agency. All payments received for such losses will be deposited to the account of the lunch program. Upon the happening of any event creating a claim in favor of the School against a warehouse, or other person, for the improper distribution or loss of, or damage to, a commodity, the School will take all action necessary to obtain restitution. A complete report will be made to the State Agency and any funds recovered will be deposited in the cafeteria fund or account, and instructions for the final disposition of such funds collected will be requested in writing from the State Agency.

6. Books and records pertaining to the receipt and use of commodities will be kept for a period of not less than three (3) years from the close of the Federal fiscal year to which they pertain and reports furnished to the State Agency as required. As a minimum, these books and records will contain the following: (a) A record of all commodities received, including date and quantity; (b) an inventory record of donated commodities on hand at the end of each month; (c) a record of container use and an accounting of all funds derived from the sale of empty containers; and (d) a daily record of lunches served to children. (For schools under the National School Lunch Program, the present daily record of lunches served, Form OCNS 71-5 will suffice.) The State Agency and the United States Department of Agriculture are authorized to inspect and audit all books and records pertaining to the program, including financial records, at any reasonable time and place to insure compliance with the above conditions.

7. Offering forms and delivery receipts mailed by the State Agency will be promptly completed and returned by the School. Invoices received from the State Agency for service and handling charges on foods ordered and received will be paid promptly.

8. Either party may terminate this agreement by giving thirty (30) days notice in writing to the other party. The State Agency may cancel this agreement immediately upon receipt of evidence that the terms and conditions thereof have not been fully complied with. Subject to such notice of termination or cancellation of the agreement, the School agrees to comply with the instructions of the State Agency relating to the dispersal of any remaining inventory of USDA commodities.

9. The School assures the Office of Surplus Property that in its administration of Distribution Programs it will comply with all requirements imposed by or pursuant to Part 15, Subpart A of Title 7, CFR, of the regulations of the United States Department of Agriculture (29 F. R. 16274) (Civil Rights Act of 1964). Federal food assistance is extended in reliance on the representations made herein.

10. The school will furnish meals without cost or at reduced price to all children who are determined by local school authorities to be unable to pay the full price thereof, and have on file written policies and procedures for this purpose, and publicly announce to the patrons of the attendance units and place into effect the policy on eligibility for free and reduced price meals. These policies and procedures shall be in compliance with all regulations prescribed by the Office of Child Nutrition Services for eligibility to participate in the National School Lunch Program or other nonprofit lunch program.

    The Office of Surplus Property reserves the right to discontinue immediately further shipments of United States Department of Agriculture donated foods to any recipient agency which fails to comply with the general intents and purposes set forth in this agreement or any instructions issued pursuant hereto. Either the Office of Surplus Property or the United States Department of Agriculture, or both, shall have the right to take further action through available means when considered necessary, including prosecution under applicable State and Federal statutes or other judicial means of enforcement.

WILSON RILES
Superintendent of Public Instruction
and Director of Education

STATE OF CALIFORNIA

DEPARTMENT OF EDUCATION

STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

PROGRAM QUESTIONNAIRE FOR SCHOOLS

NAME OF SCHOOL DISTRICT: _____

ADDRESS: _____

1. Please complete the following and indicate with an asterisk which site is the main delivery point:

   If commodities are delivered to a central district warehouse, check here _____.

   Address: _____

NAME OF SCHOOL WHERE MEALS ARE SERVED	NO. OF MEALS SERVED		TYPE SERVED		ARE COMMODITIES STORED AT THIS SITE?	
	LUNCH	BKFST	ON SITE	SATELLITE	YES	NO

List additional site information on separate sheet.

2. Briefly describe your storage facilities and indicate temperatures at which these foods are generally maintained.

   A. Dry and canned foods: _____ °F.

   B. Refrigerated foods: _____ °F.

   C. Frozen foods: _____ °F.

   D. If you use a commercial storage facility, please give name and address below:

3. Have you had any commodity losses or spoilage? If so, describe below:

4. Are you receiving commodities under any other agreement? (Example: Child Care, Summer Feeding Program, etc.) Yes ( ) No ( ) If yes, please explain:

5. Are you transferring any commodities to a commercial processor for the manufacture of prepared food items? If so, please complete the following:

NAME OF COMPANY	PRODUCT MANUFACTURED	EXPIRATION DATE OF CONTRACT
A.		
B.		
C.		
D.		

6. Are you contracting to provide meals for any other agency? Yes ( ) No ( )

If yes, please specify name and address: _____

_____

Are you ordering commodities for that agency? Yes ( ) No ( )

7. Please indicate any areas of the commodity program in which you have concerns or may need assistance:

_____

_____

_____

8. Periodically, it is necessary to contact the Head of the Food Services Department. Please state the name, title and telephone number of person if different from the authorized representative listed below:

_____ ( ) _____

9. Please indicate the number of meals as reported on the "School Lunch Claim for Reimbursement" for the months of:

September 1980 October 1980 November 1980 December 1980

CERTIFICATION

I certify that the information given herein is true to the best of my knowledge and belief. Written records are readily available to substantiate the information given.

_____
Print or type name of authorized representative

_____
Signature of authorized representative

_____
Title

_____
Date

Telephone No.: ( ) _____

IMPORTANT - PLEASE SAVE ••••••••••••••••• IMPORTANT - PLEASE SAVE

Northern California

Schools and Child Care

REGULAR FOOD OFFERING SCHEDULE

1982-1983

Offering No.		CATEGORY A (Section 6 and 32) and CATEGORY B (Section 416) COMMODITIES	
		GROUP I	GROUP II
1	April	30	
	April		30
2	September	3	
	October		1
3	October	29	
	December		3
4	January	7	
	February		4
5	March	4	
	March		18

GROUP I AND GROUP II

May 6 - Year 'Round - Summer Schools

GROUP I

County No. and Name of County

2	Alpine	29	Nevada
3	Amador	31	Placer
5	Calaveras	35	San Benito
9	El Dorado	39	San Joaquin
10	Fresno	41	San Mateo
16	Kings	43	Santa Clara
20	Madera	44	Santa Cruz
22	Mariposa	50	Stanislaus
24	Merced	54	Tulare
27	Monterey	55	Tuolumne

GROUP II

County No. and Name of County

1	Alameda	32	Plumas
4	Butte	34	Sacramento
6	Colusa	38	San Francisco
7	Contra Costa	45	Shasta
8	Del Norte	46	Sierra
11	Glenn	47	Siskiyou
12	Humboldt	48	Solano
17	Lake	49	Sonoma
18	Lassen	51	Sutter
21	Marin	52	Tehama
23	Mendocino	53	Trinity
25	Modoc	57	Yolo
28	Napa	58	Yuba

I-1402-1

Commodity Factor (CF)

Commodity factor determines agency's entitlement; one unit may be ordered for number of persons shown in Column 1.

Be sure to fill in completely.

If special delivery instructions are necessary, be sure to include additional information with your order.

Average Daily Participation (ADP)

A physical inventory should be taken of the amount of food on hand, and this amount should be entered in the space provided. It is not necessary to deduct the amount on hand, but the agency must consider the amount on hand when it determines the amount it will need.

Using a total ADP of 500, compute the maximum units of process cheese allowable on the order. Recipient agency would be entitled to 6 cases.

Fractions of less than one-half are dropped.

Process cheese-- 500 ÷ 200 = 6.3 or 6 cases

Fractions of one-half or larger should be considered one full unit.

Cornmeal-- 500 ÷ 200 = 2.5 or 3 cases

Brace illustrates a commodity available in more than one pack. Using the ADP of 500, compute the maximum units of flour. Recipient agency would be entitled to 5 units. One kind or a combination of kinds could be ordered, total not to exceed 5 units.

It is not necessary to order the maximum units allowable.

Be sure the order form is manually signed, showing title of person signing and the date.

The order form should be returned to the address at the top of the form.

OFFICE OF SURPLUS PROPERTY

721 Capitol Mall, Sacramento, California 95814

(916) 445-4043

SECTION 32 AND 416 COMMODITIES

(Do not use this space)

Carrier or Run No. _____

Agreement No. _____

SCHOOLS A & C _____

Offering No. ONE

Date JUNE 1, 1981

Recipient Agency Washington High School District County Sacramento Telephone (916) 445-5000

Billing Address 2900 First Street City Sacramento Zip Code 95814

Shipping Address 2500 Second Street (Warehouse) City Sacramento

A. Average number of lunches served daily to graded and preschool children in state approved School Lunch Programs as most recently reported to the Office of Child Nutrition Services for the month of: MAY 1981

Paid Lunches 350

Reduced-Price Lunches 50

Free Lunches 100

TOTAL 500

B. Divide the figure reported above in Item A by the number of pupils per unit as shown below in Column 1 to arrive at the "Maximum units allowable" in Column 2. Amount on hand must be reported in Column 3. Then order whatever you need of this amount in "Units Desired", Column 4, below. Order only what can be used without waste in your state approved lunch programs. Your order will be shipped to you within three weeks after your properly completed offering form is received at the above address.

			COMPLETE THESE COLUMNS				DO NOT USE THESE COLUMNS			
							Shipping Weight		Service and Handling	
Case	Commodity and Pack		Column 1	Column 2	Column 3	Column 4	Pounds Per Unit	Total	Per Unit	Total
30	PROCESS CHEESE	6/5#	80	6 ca	0 ca	6 ca	32#		$6.30	
210	CORNMEAL	10/5#	200	3 blr	1 blr	2 blr	51#		1.90	
*230	FLOUR, WHOLE WHEAT	5/10#	100	5 blr	2 blr	3 blr	51#		1.90	
*231	FLOUR, WHOLE WHEAT	50#		ak	1 ak	2 ak	51#		1.90	

*NOTE: Order your preference, but total order must not exceed maximum units allowable. We will substitute if necessary as our supplies become exhausted.

THIS ORDER VOID IF NOT RECEIVED BY OUR OFFICE ON OR BEFORE JUNE 15, 1981.

This order is subject to: (a) Terms and conditions of "Agreement for the Distribution of Donated Food" with the Office of Surplus Property; (b) service and handling charges as listed above to be paid upon receipt of billing from the Office of Surplus Property; (c) the person signing this form agrees to order these commodities only if proper storage facilities as listed in the Food Information Bulletin can be furnished and that no existing contractual arrangements for the purchase of these commodities will be cancelled or reduced because of their availability from the Department of Agriculture.

John Doe — Manual Signature

Food Service Director — Title

6-5-81 — Date

PLEASE SIGN AND RETURN THIS FORM PROMPTLY TO THE ABOVE ADDRESS.

SASP 142
Rev. 7/64

CALIFORNIA STATE AGENCY FOR SURPLUS PROPERTY
600 Bercut Drive, Suite C
Sacramento, CA 95814

Recipient Agency:

REPORT OF USDA COMMODITY LOSS (See reverse side for instructions)

PART I - DESCRIPTION OF LOSS (To be completed by recipient agent)

1. Commodity:_____ Pack:_____ Date received:_____

2. Invoice no.:_____ Condition when received_____

3. Contract no. on container:_____ Date packed:_____

4. Quantity lost or unusable:_____ Date loss first noticed:_____

5. Indicate type of loss: Damaged ( ) Spoiled ( ) Infested ( ) Stolen ( ) Fire ( ) Other ( )

If other, explain:_____

6. Describe loss:_____

7. Cause of loss:_____

8. Type and average temperature of storage provided:_____

9. Type and frequency of storage and equipment inspection, including pest control and preventative maintenance of refrigeration equipment:_____

10. Time lapse between the last inspection and the discovery of loss:_____

11. Do you have insurance covering this type of loss?_____

12. If commodities were stolen or damaged by vandals, was a report made to police officials?_____ Your insurance agent?_____. (IMPORTANT: Please forward a copy of the police report to the State Agency address given above)

PART II - DISPOSAL INSTRUCTIONS (To be completed by State Educational Agency for Surplus Property)

In reference to the U. S. Department of Agriculture commodities reported damaged, spoiled or infested in Part I above, please follow the instructions as checked below:

☐ The unusable commodities listed in Part I should be returned to the State Agency at the address given above in the following manner:_____
Shipping instructions:_____

☐ Please destroy the unusable commodities listed in Part I above in such a manner that they cannot be used for human consumption. This may be accomplished by dumping, burning, putting in garbage or using as animal food.

Signed_____ Date_____

PART III - REPORT OF DISPOSITION (To be completed by recipient agency)

After disposal, complete this section, sign, and return two copies of the report to the State Agency.

1. How were commodities disposed of?_____

2. If sold for animal feed, to whom?_____

Amount received?_____ Disposition of funds:_____

Signed:_____ _____ _____
(Signature) (Title) (Date)

INSTRUCTIONS

GENERAL INFORMATION

The regulations of the U.S. Department of Agriculture require a claim determination to be made whenever commodities furnished by that agency are unavailable for any reason for serving to the persons for whom they were issued. The most common losses are spoilage, insect or rodent infestation, damage, diversion to unauthorized use, theft, and loss by fire. They define a "claim determination" as "a decision regarding the basis and amount of liability, if any, for lost commodities and the persons or agencies liable. The result of a claim determination is to establish a claim or to determine that no claim exists."

Generally, an agency is found liable for spoilage or infestation occurring if commodities are not used during the period for which they are allocated (usually two months) or if proper storage conditions are not provided. Agency liability generally results under other circumstances also, if it appears that gross neglect caused the loss, or if responsible personnel did not perform their responsibilities in normal and prudent manner.

PART I - DESCRIPTION OF LOSS (To be completed by recipient agency)

Whenever a loss of USDA commodities occurs for any reason, pertinent sections of Part I on the reverse side of this form should be completed as completely as possible, and the original and two copies must be forwarded immediately to the State Agency. If extra space is needed, additional information may be included in a letter or attached sheet.

PART II - DISPOSAL INSTRUCTIONS (To be completed by State Educational Agency for Surplus Property)

After the State Agency receives the report in triplicate with Part I completed by the recipient agency, shipping or disposal instructions will be indicated in Part II of the form by a check mark in the appropriate block. The three copies will then be returned to the recipient agency.

PART III - REPORT OF DISPOSITION (To be completed by recipient agency)

The recipient agency will comply with the instructions in Part II, complete and sign Part III of the form, and immediately return two copies to the State Agency. The third copy should be retained by the recipient agency.

CLAIM DETERMINATION

The claim determination will be made by the Chief Surplus Property Officer, and if it is determined that a liability exists, a letter of demand will be forwarded to the recipient agency requesting payment of the fair value of the lost commodities or replacement from commercial sources. If the available evidence indicates that no liability exists, the State Agency will so indicate in its files, but the recipient agency will not be notified. All claim determinations are subject to review by the U.S. Department of Agriculture, and occasionally some decisions arrived at by the state are reversed by that department.

STRAIGHT BILL OF LADING—SHORT FORM—MEMORANDUM—NOT NEGOTIABLE
STATE OF CALIFORNIA
FROM: OFFICE OF SURPLUS PROPERTY

REQUIRED TEMPERATURES
CHILL 0R 32° TO 40°
FROZEN 0R 0° OR BELOW

Shipper's No.

CONSIGNEE 34-1-080-3-4

INVOICE DATE F 234576

BILLING ADDRESS
WASHINGTON HIGH SCHOOL DISTRICT
2900 FIRST STREET
SACRAMENTO, CA 95814

DIVISION 4-22-80

YOUR ORDER NO. 4

DELIVER TO:
2500 SECOND STREET (WAREHOUSE)
SACRAMENTO, CA 95814

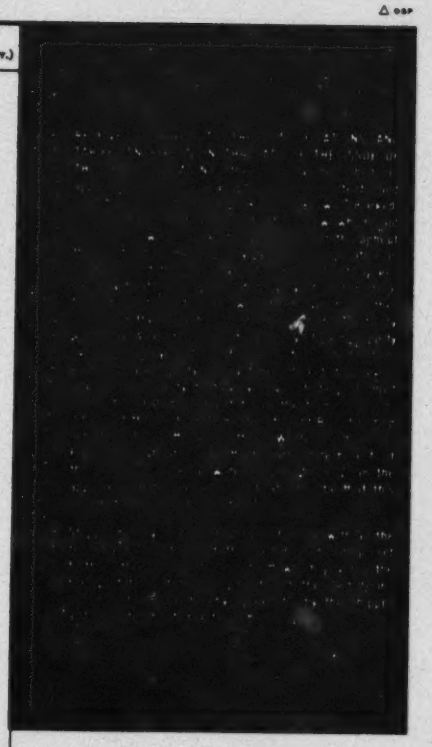
SHIPPED VIA P.E. DRAY

BATCH NO. 123

△ OSP

Number of units	Code	Description		Class or rate	Weight (Sub. to Corr.)
17 cs	2630	CHICKEN, FRZN.	30#		578
7 cs	2648	TURKEY ROLLS, FRZN.	40#		301
24					879

Sample



AGENCY COPY
(Sign and Return)

3

IMPORTANT NOTICE—USDA REQUIRES A MANUAL SIGNATURE FROM THE CONSIGNEE. PLEASE SIGN, NOTING ANY DISCREPANCIES. KEEP ONE COPY. RETURN A SIGNED COPY IMMEDIATELY TO THE OSP, TO THE ADDRESS CHECKED. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THE COMMODITIES LISTED, IN GOOD CONDITION, EXCEPT _____ C.S. SHORT, _____ C.S. DAMAGED, _____ C.S. OVER.

SIGNATURE _____ TITLE _____ DATE RECEIVED _____

STATE OF CALIFORNIA
OFFICE OF SURPLUS PROPERTY

☐ 140 Commerce Circle
Sacramento 95815

☐ 2325 Moore Ave.
Fullerton 92633

PER _____ DATE _____

PREPAID
TAX EXEMPT

_____ AGENT
PER _____

4—75678

I-1405-1

COMMODITY STORAGE GUIDE

SCHOOLS AND CHILD CARE

COMMODITY	DRY STORAGE		REFRIGERATED STORAGE		COMMENTS
	Temperature Range in F°	Safe Storage Period (in months)	Temperature Range in F°	Safe Storage Period (in months)	
DAIRY PRODUCTS					
Butter	-	-	Under 45°	2 weeks	Freeze if held over 2 weeks
Cheese, Cheddar	-	-	30° - 36°	12	R.H. 70-80% Air Circulation
Cheese, Process	-	-	32° - 45°	12	Not below 30° F.
Cheese, Monterey Jack-Type	-	-	38° - 40°	45 days	
Cheese, Mozzarella Type, Blocks	-	-	32° - 37°	3	Freeze if held over 3 months
Cheese, Mozzarella Type, Diced	-	-	0° or below	6	
Cheese, White Cheddar-Type	-	-	38° - 40°	6	
Milk, Dry	50° - 70°	12	40° - 45°	24	R.H. below 35%
MEAT & MEAT PRODUCTS					
Frozen Meats	-	-	0° or below	6	
Frozen Poultry	-	-	0° or below	6	
Canned Meats	50° - 70°	6	32° - 45°	12	Avoid excessive moisture
FATS AND OILS					
Oil	50° - 70°	6	32° - 45°	12	
Lard & Shortening	50° - 70°	3	32° - 45°	6	
Margarine	-	-	32° - 45°	6	
FRUITS, DRIED					
Raisins	50° - 70°	2	32° - 45°	12	
VEGETABLES, DRIED					
Beans					
High Moisture	50° - 70°	2	32° - 45°	12	Low moisture - air circulation
Low Moisture	50° - 70°	12	32° - 45°	24	
GRAIN PRODUCTS					
Bulgur	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Corn Meal	Under 70°	2	32° - 45°	9	R.H. 60% - not over 70%
Rice-Vermicelli Pilaf Mix, Chicken Flavored	Under 70°	4	45° - 55°	12	R.H. 50%
Flour, Bread and All Purpose	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Flour, All Purpose Basic Mix	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Flour, White Bread Mix	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Flour, Whole Wheat	Under 70°	2	32° - 45°	6	R.H. 60% - not over 70%
Whole Wheat Bread Mix	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Rolled Oats & Rolled Wheat	Under 70°	2	32° - 45°	6	R.H. 60% - not over 70%
Rice	Under 70°	4	32° - 45°	12	Low R.H.

Suggested temperatures do not preclude contamination by rodents and insects and assumes storage in original unopened containers.

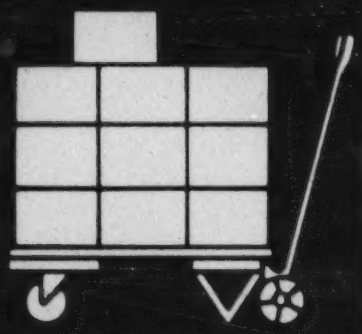
R.H. - Relative Humidity

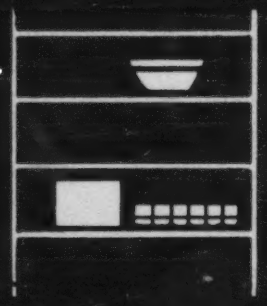
(continued on reverse side)

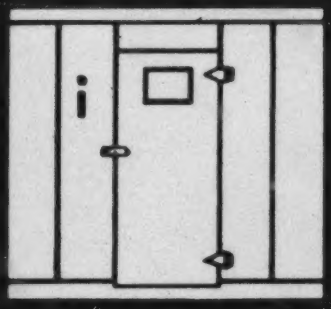
COMMODITY	DRY STORAGE		REFRIGERATED STORAGE		COMMENTS
	Maximum Temperature In F°	Safe Storage Period (In Months)	Maximum Temperature In F°	Safe Storage Period (In Months)	
PASTA PRODUCTS					
Egg Noodles	Under 70°	12	50° - 60°	36	Low R.H.
Macaroni	Under 70°	12	50° - 60°	36	Low R.H.
Spaghetti	Under 70°	12	50° - 60°	36	Low R.H.
MISCELLANEOUS					
Burritos, Frozen	-	-	0° or, below	6	
Chicken-Potato Turnover, Frozen	-	-	0° or below	3	
Cookies, Frozen	-	-	0° or below	3	
Enchiladas, Frozen	-	-	0° or below	6	
Mayonnaise	Under 70°	6	40° - 50°	9	
Peanut Butter	Under 70°	6	32° - 45°	12	Avoid excessive moisture
Pizza, Cheese, Frozen	-	-	0° or below	6	
Pizza, Dry Crust Mix	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Pudding Mix, Instant Chocolate	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Pudding Mix, Vanilla	Under 70°	3	32° - 45°	9	R.H. 60% - not over 70%
Sandwich Roll, Beef, Frozen	-	-	0° or below	3	
Sandwich Roll, Turkey, Frozen	-	-	0° or below	3	
Thousand Island Dressing	Under 70°	6	40° - 50°	9	
Turkey Pie, Frozen	-	-	0° or below	3	
Vegetables, Frozen	-	-	0° or below	6	

Suggested temperatures do not preclude contamination by rodents and insects and assumes storage in original upopened containers.

R.H. - Relative Humidity







Food Storage Guide for Schools and Institutions

PROGRAM AID NO. 403
U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

November 1975

Prepared by the School Programs Division
Food and Nutrition Service

This publication was originally developed
with the cooperation of the Science
Education Administration

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FOOD STORAGE GUIDE FOR SCHOOLS AND INSTITUTIONS

INTRODUCTION

This handbook has been prepared as a guide for schools and institutions – to show good methods of handling and storing foods. The information presented in this handbook has been drawn from many sources. It includes the latest available research data on types of storage facilities and equipment needed for handling and storing foods.

In this handbook, the terms "dry food storage" or "storeroom" apply to any dry food storage facility where foods are received and stored until they are prepared and served. The term "refrigerated food storage" applies to both normal refrigeration and freezer or frozen food storage.

Good storage facilities – both dry and refrigerated – help keep foods safe, wholesome, and appetizing. Meals taste better, and are better nutritionally, if all foods used to prepare them are at the peak of quality. Careful menu planning, good buying practices, and good storage all help to provide well-balanced meals at reasonable prices.

In many instances, food losses from deterioration and infestation are the result of inadequate storage facilities, undesirable handling practices, and other conditions that can be corrected by following the preventive and control measures outlined in this handbook. Careful consideration must be given to providing needed storage facilities to insure that all foods will maintain their high quality and nutritive value until consumed. Temperature, humidity, ventilation, rodents, and insects must be controlled throughout the storage period.

Schools and institutions which accept USDA-donated foods also accept responsibility to handle and store them properly. Failure to do so may result in the Department withholding further donations of foods or requiring restitution for foods that are lost or become spoiled. Locally purchased foods must also be handled and stored properly.

EFFICIENT ARRANGEMENT OF SPECIFIC AREAS

Efficient arrangement of the receiving and food storage areas, in relation to other areas, is of major importance in an economical operation. The orderly arrangement of functions and equipment and the planning of routes will save workers both steps and time. If routes of operations are confused, with backtracking and cross-travel, then accidents, costly mistakes, and delays may result.

The distance from the receiving and food storage facilities to the kitchen area influences the length of the food preparation route. Other factors one should consider are the size of the areas, the arrangement of equipment, and the distance between preparation and serving areas.

The following diagram (figure 1) illustrates the interrelationship of various areas, suggesting the flow of food from the receiving and food storage areas to the preparation and serving areas. It also shows the relationship of the dining area to the serving and dishwashing areas.

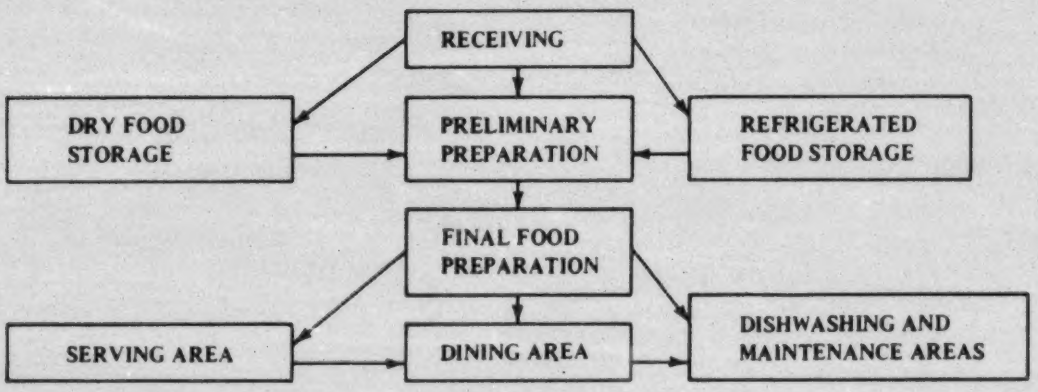


FIGURE 1.—Food flow chart.

PART I - RECEIVING AREA

A loading platform facilitates handling of foods and protects them from the elements during the course of unloading. A receiving area inside the building is also needed to provide temporary storage until deliveries are checked for quality, weight, and count.

LOADING PLATFORM

The loading platform should be on the ground floor level near the service driveway, adjacent to the storeroom and kitchen, and away from playgrounds and student traffic.

The space needed for the loading platform will vary depending on the delivery service, volume of deliveries, etc. The platform should be at least 6 feet wide from front to back and at truckbed height. For smaller operations where deliveries are made by panel trucks, a lower height may be more desirable. A platform area of 70 square feet is recommended for operations serving between 100 and 750 meals a day.

The floor of the loading platform should be slip-resistant concrete with integral hardener. The edge should be reinforced with heavy steel angle iron; a wood or rubber bumper is optional. The floor should be at the same level as the entrance to the inside receiving area. It is important to consult State and local authorities having jurisdiction over applicable regulations.

A roof offering weather protection should extend over the entire platform. The roof must be high enough to clear any delivery truck (generally 13 feet).

Steps with a handrail should run from the platform to the driveway level. (See figure 2.)

As a minimum, a 150 to 200 watt lighting unit should be provided. The lighting and wiring should comply with National Electrical Code requirements (an American standard) and local electrical code requirements for the loading platform.

A hot and cold water hose should be available for cleaning. A floor drain in the docks will help in scrubbing down.

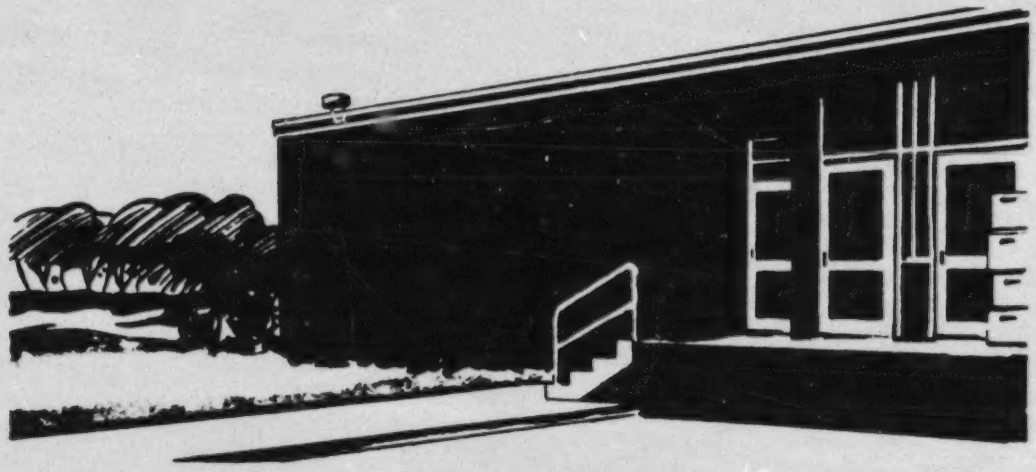


FIGURE 2.—Loading platform.

RECEIVING AREA

The receiving area inside the building should be adjacent to the outside loading platform and separate from the kitchen and storeroom, if possible. It may serve as a vestibule.

The space needed for the receiving area will vary depending on the delivery service, volume of deliveries, etc. The recommended size for number of meals served daily, exclusive of traffic aisles, is shown in table 1.

The floor of the receiving area should be slip resistant. Terrazzo, quarry tile, and concrete with integral hardener are preferable. Be sure to check local regulations regarding floor drains.

TABLE 1 – Suggested space for receiving and checking area

Total meals served daily			
100-200	200-350	350-500	500-750
32-48 sq. ft.	48-60 sq. ft.	48-60 sq. ft.	60-80 sq. ft.

The walls and ceiling of the receiving area should be light in color, smooth, impervious to moisture, and easy to wash and keep in good repair. Glazed tile is the most desirable finish; however, painted plaster or masonry is acceptable. Plasterboard or wood is not desirable because neither is vermin-proof. Coved bases are needed at the floor line, and local regulations may require coved vertical corners as well.

It is important to have heavy-duty doors between the outside loading platform and the receiving area inside the building. As a minimum, the clear opening between these areas should be 3 feet 4 inches wide. The door must be self-closing with locking devices. A kick plate from 8 to 12 inches high is needed on both sides of the door.

The need for windows in the receiving area can be determined from State and local regulations. If windows are provided, they should not interfere with equipment. Be sure to check local regulations regarding fly and pest control; i.e., screened doors, blowdown fans, etc.

Lighting needs for the receiving area can normally be met by 2 to 3 watts per square foot of floor area.

RECEIVING EQUIPMENT

The receiving area should have a desk or shelf for checking the foods upon delivery. A built-in standup desk or shelf approximately 12 inches by 18 inches by 42 inches high is ideal.

Automatic indicating or beam type scales are needed in the receiving area for weighing in the foods. Portable floor model scales are desirable, with a minimum of 400 pounds capacity and 1/4 to 1/2 pound graduations. (See figures 3 and 4.)

A table will be useful in the receiving area for receiving and checking foods before they are transferred to the storeroom. A heavy metal frame is desirable. The tabletop should be of metal, or a dense-grained hardwood (a minimum of 1¼ inches thick), and the table itself on casters for ease in moving. A work drawer is a convenience.

A two-wheel handtruck and a four-wheel handtruck are useful in the receiving and food storage areas.

The two-wheel handtruck has the following advantages: Initial cost is low, maintenance cost is low, and it can be used in narrow storeroom aisles. Its main disadvantage is that only a limited amount of weight and bulk can be handled per trip. The frame size recommended is approximately 48 inches high and at least 14 inches wide with the bottom angle nose at least 14 inches by 7 inches. Rubber-tired wheels are desirable. Optional features include: Curved brace bars for handling round containers and glides for negotiating steps. (See fig. 5.)

The four-wheel handtruck has the following advantages: Initial cost is low, maintenance cost is low, and it can hold about three or four times as much weight and bulk per trip as the two-wheel handtruck. A metal frame and rubber bumpers are desirable. The platform may be of wood or metal. Rubber-tired ball-bearing wheels with two swivel and two rigid forks, with the handle on the swivel end, are desirable. Recommended sizes are: 36 or 48 inches long by 24 inches wide by 8 inches to 12 inches high. (See fig. 6).

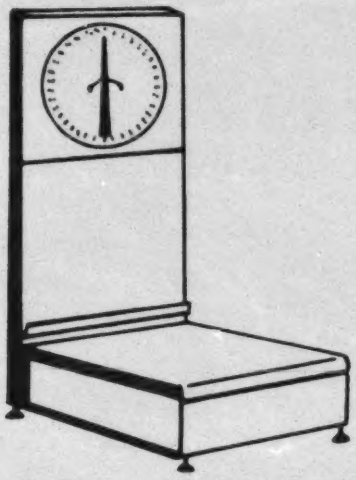


FIGURE 3.–Floor model automatic indicating-type scales.

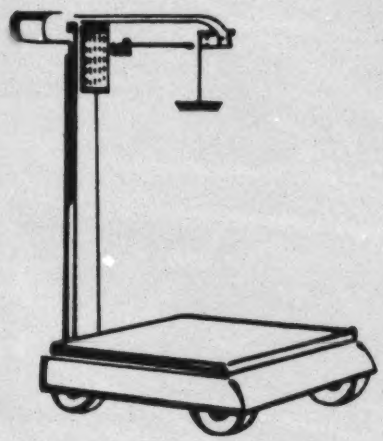


FIGURE 4.–Floor model beam-type scales.

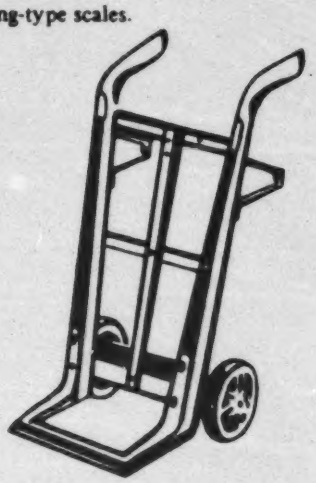


FIGURE 5.–Two-wheel handtruck.

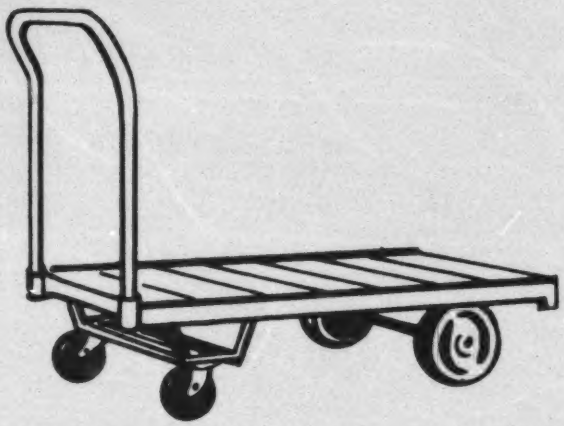


FIGURE 6.–Four-wheel handtruck.

PART II - DRY FOOD STORAGE AREA

The dry food storage area provides orderly storage for food not requiring refrigeration. It should also protect foods from the elements, fire, insects, rodents, organisms and other causes of spoilage, and from theft.

LOCATION OF STOREROOM

The dry storage area should ideally be adjacent to the food preparation area and convenient to receiving. All three areas should be on the same floor level to minimize handling and maintain security.

STORAGE SPACE

Space requirements for dry storage depend upon menu, number of meals, quantities of food purchased, and frequency of deliveries. Allow at least one-half square foot of floor space per meal served daily. If the school is part of a large system with a central warehouse for food storage, the school's space requirements will depend on the frequency of deliveries from the central source. Additional space may be needed if large quantities of food are bought locally at one time.

GENERAL CONSTRUCTION FEATURES

Floors should be level with surrounding areas for food preparation and receiving to allow for the use of mobile equipment in the movement of supplies.

Floors should be slip resistant, preferably of terrazzo, quarry tile, or concrete with integral hardener. Check local regulations regarding floor drains.

It is preferable that the walls and ceiling be of light colors. They should also be smooth, impervious to moisture, and easy to wash and repair. Glazed tile is the most desirable finish; however, painted plaster or masonry is satisfactory. Plasterboard and wood are not desirable because they are not vermin-proof. Coved bases should be provided at the floor line. Local regulations may also require coved vertical corners. Metal corner guards, preferably stainless steel, should be installed on all projecting corners subject to traffic damage.

A heavy-duty door is needed, at least 36 or 40 inches wide. The door should lock from the outside, but should always open from the inside without a key.

Windows are unnecessary unless required by State and local regulations. If windows are provided, they should be equipped with security-type sash and screens, painted opaque to protect foods from direct sunlight, and placed to avoid interference with shelving.

Good lighting in the storage area makes it easier for employees to locate foods, eases the job of accurately checking paperwork associated with recordkeeping, and contributes to better housekeeping by employees. When the light is fairly uniform throughout the storeroom, it is easier to see areas that require cleaning. Experience shows that employees will keep working areas cleaner and neater under these conditions.

Lighting and wiring must comply with National Electrical Code requirements (an American standard) and with any other local requirements. In order to provide adequate lighting for the storage area, illumination levels of approximately 15 foot-candles are desirable. This is normally achieved by about 2 to 3 watts per square foot of floor area. For best distribution of light, have the fixtures centered over each aisle.

VENTILATING SYSTEMS

Good ventilation in the dry food storage area is essential to proper storage of any type of food. By helping to control the temperature and lower the humidity, ventilation retards growth of various types of bacteria and molds, prevents mustiness and rusting of metal containers, and minimizes caking of ground or powdered foods. Reliable thermometers are a necessity.

Temperatures of 50° to 70°F are recommended for the dry food storage area. During some months, it may be possible to maintain temperatures between 40° to 45°F, and this is desirable for foods normally kept in the dry food storage area.

In cooler climates, the recommended temperatures can usually be held by proper insulation and by natural and/or mechanical ventilation. Proper construction of the storeroom will provide natural ventilation by permitting entrance of fresh cool air through louvers at the floor level and the escape of warm air through louvers at the ceiling or roof level. (See figure 7.)

Mechanical or forced-air ventilation, with intake and/or exhaust fans, keeps fresh air circulating. (See figure 8.)

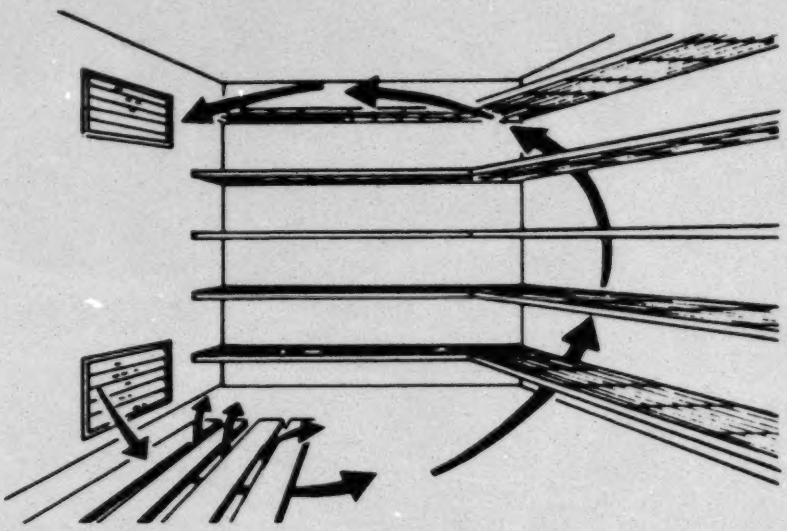


FIGURE 7.–Storeroom layout showing louvered vents in outside wall.

Fan not operating–
shutters closed.

Fan operating--
shutters open.

FIGURE 8.–Exhaust fan with automatic shutters.

An oscillating fan may be of some help. (See figure 9.) Generally four air changes per hour will be adequate. During the winter months, it may be necessary to use heating equipment to keep certain foods from freezing.

In hot, humid climates where the recommended temperatures and humidity levels cannot be maintained by natural or mechanical ventilation, it may be necessary to install artificial refrigeration to keep the temperature from going over 70°F. Where artificial refrigeration cannot be provided, a dehumidifier will be of some help.

The storeroom should be free of uninsulated steam and hot water pipes, water heaters, refrigeration condensing units, or other heat-producing devices.

THERMOMETERS

Wherever foods are stored, a reliable thermometer is essential to make sure that proper temperatures are maintained to prevent spoilage and deterioration. Take thermometer readings at least once a day, and more frequently if there is difficulty in maintaining the desired temperatures. When necessary, corrective measures should be taken to lower or raise temperatures.

Wall thermometers such as the one shown in figure 10 are suitable for the dry food storage area. Some of the characteristics of a good wall thermometer are: Overall length of at least 12 inches, mounting holes at top and bottom, a temperature range of -30°F to 120°F in 2° scale divisions, a red-liquid-filled or mercury-filled magnifying glass tube for easy reading, a rust-resistant scale, and thermometer bulb and tube fully protected by side flanges on the frame to minimize breakage.

Mount the thermometer near the door, where there is less danger of breakage from bumping, and at about eye level for easy reading. It should not be mounted on the door, near a light bulb, or in a recessed area.

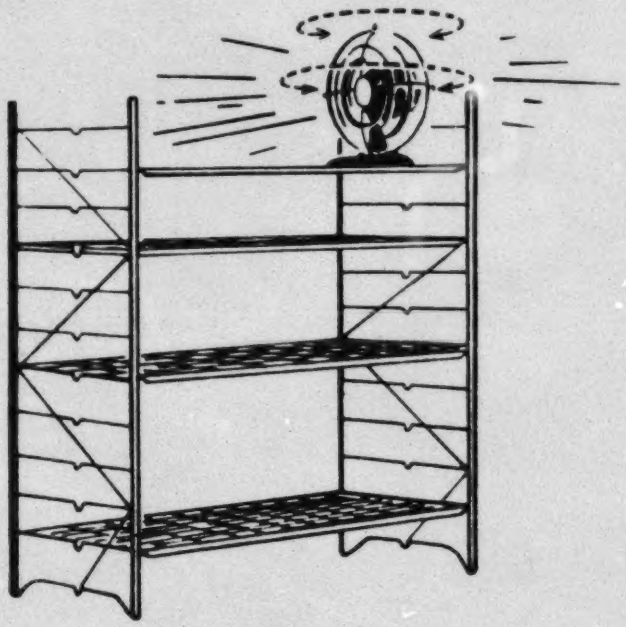


FIGURE 9.—Oscillating fan.

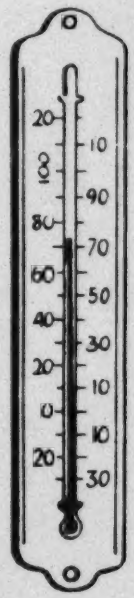


FIGURE 10.—Wall thermometer.

SHELVING

Metal shelving is recommended. Upright supports should not be more than 48 inches apart. The maximum practical height is 6 feet. Allow vertical adjustments of 1 inch for shelf supports so that shelving can be adjusted to accommodate various foods. See table 2 for estimating shelf capacity and the vertical clearance needed for storing cans and cartons.

TABLE 2.–Can and carton measurements for estimating shelf capacity and vertical clearance

Size can	Approximate diameter of can	Clear height per tier	Cans per carton	Size of carton
	Inches	Inches	Number	Inches
No. 2	3⅓	5	24	14 x 10⅓ x 9¼.
No. 2½	4	5	24	17 x 12¾ x 10¼.
No. 3 (cylinder)	4¼	7⅓	12	17⅓ x 13⅓ x 7¾.
No. 10	6¼	7⅓	6	19 x 12¾ x 7¼.

The shelving should be well braced against tipping. Allow a minimum of 1 to 2 inches clearance from all walls for cleaning and air circulation. The bottom shelf may be 24 to 30 inches deep; other shelves 18 to 20 inches deep. Standard shelving is available in various widths.

Vertical clearance between the bottom shelf and the floor should be high enough to permit storing foods in covered metal containers on dollies, and sacked and cased foods on portable platforms. Table 3 shows shelf area needed for total meals served daily.

TABLE 3. – Suggested space for shelf area

Total meals served daily			
100-200	200-350	350-500	500-750
120-210 sq. ft. shelf area.	210-240 sq. ft. shelf area.	240-384 sq. ft. shelf area.	384-675 sq. ft. shelf area.

AISLE SPACE

Aisles which only provide access to shelving should be at least 30 inches wide. Aisles for movement of trucks, skids, dollies, and portable platforms should be 42 inches wide as a minimum.

STOREROOM EQUIPMENT

Portable equipment is needed for efficient handling and storing of foods. The volume and kinds of foods to be handled determine the types of equipment. In addition to the two-wheel and four-wheel handtrucks described in the "Receiving Area" section, it is desirable to provide shelf-type trucks, skids, and dollies.

Shelf-type trucks are helpful in assembling food supplies from the storage area and delivering them to the preparation area. (See figure 11.)

Semi-live skids may be used to store sacks of potatoes, cartons of cased foods, etc., under storeroom shelves or in the center of the room, if space is sufficient. They may also be used in place of handtrucks for moving foods from the receiving area to the storeroom or from the storeroom to the kitchen. Semi-live skids are operated by the use of a lift jack. (See figure 12.)

Platform and open-frame dollies are also useful for storing foods. Construction may be of heavy-gauge steel or wood with caster mountings. A can dolly is needed for each food storage container unless the containers are equipped with casters. (See figure 13.)

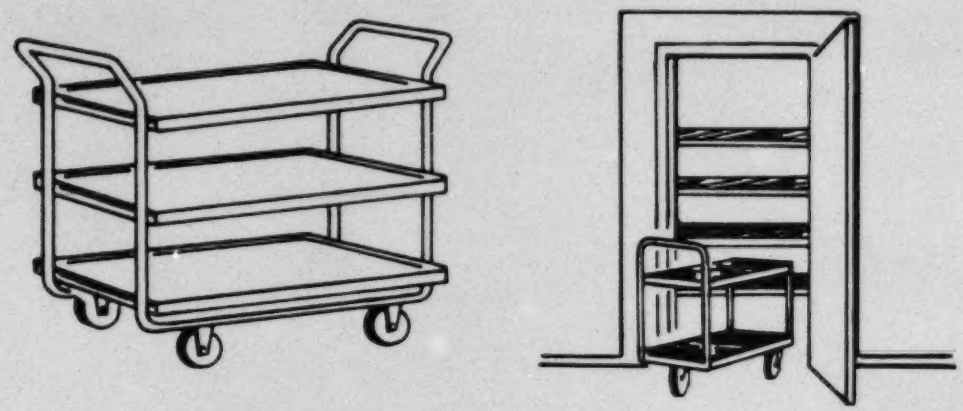
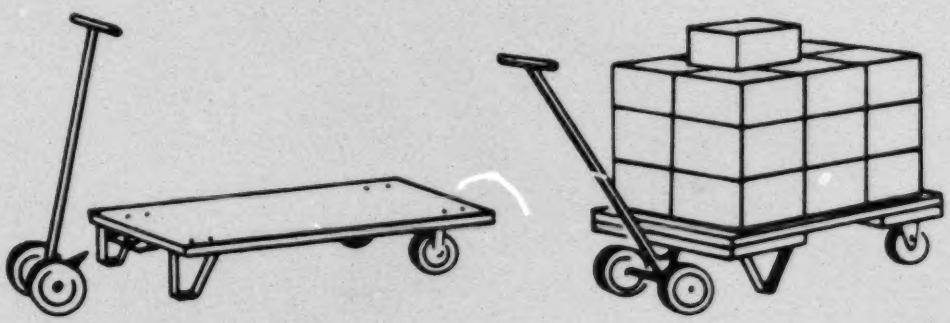


FIGURE 11.–Shelf-type trucks for assembling and delivering food supplies.



Lift jack with unassembled skid. Assembled skid.

FIGURE 12.–Lift jack and semi-live skids for storing and moving foods.

Metal or plastic containers with tight-fitting covers should be used for storing broken lots of such items as flour, cornmeal, sugar, dried beans, rice, and similar foods. The number needed will depend on the number and types of foods to be stored, delivery practices, etc. Containers with casters are available in 5 to 100 pound sizes. They may also be obtained without casters for use on dollies. (See figure 14.)

Grocers' scoops are needed for each food storage container in use. Scoops are available in 1 to 1½ pound capacity. They should be of corrosion-resistant material.

Power- or hand-operated fire extinguishers should be available in the storeroom or nearby in the kitchen. They need to be inspected regularly and kept in usable condition.

Handwashing facilities are essential for all personnel and should be located near the storeroom.

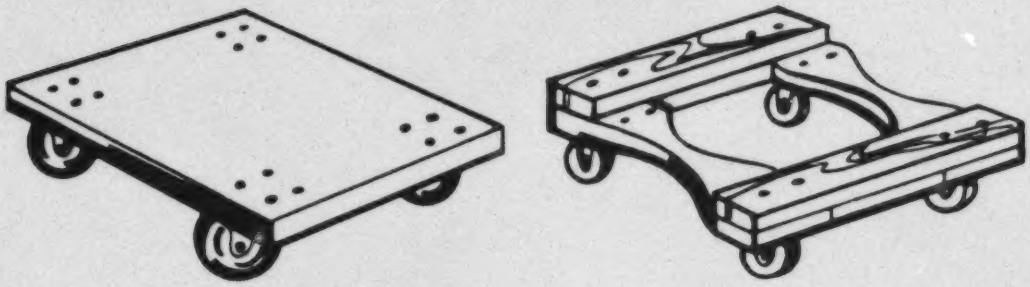
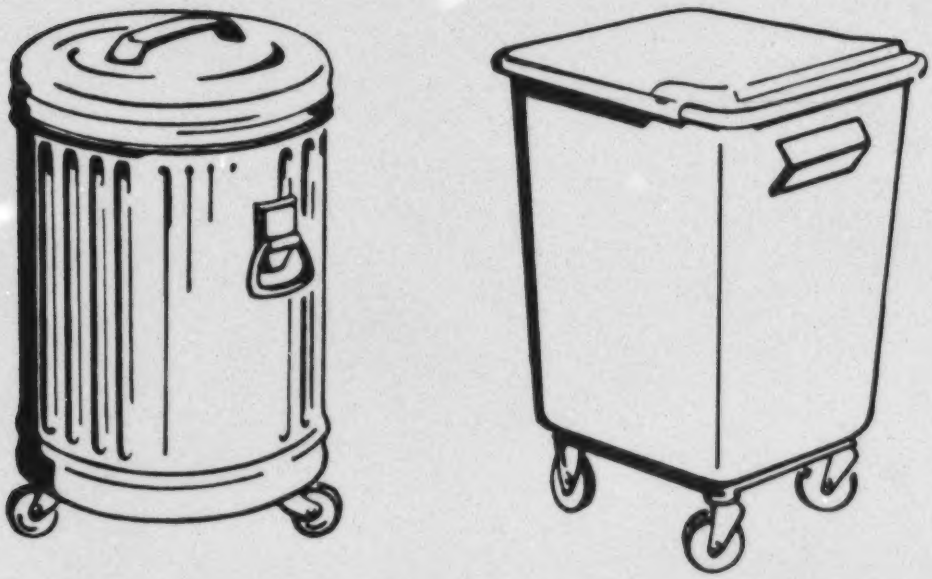


FIGURE 13.–Platform and open-frame can dollies.



Container on dolly. Container equipped with casters.

FIGURE 14.–Metal and plastic food containers.

PART III - REFRIGERATED FOOD STORAGE AREA

Two types of refrigerated storage space are needed:

Normal refrigeration, maintained at a temperature of 36° to 40°F.[1]

Freezer or frozen food storage, maintained at -10° to 0°F.

Refrigerated storage space can be any artificially cooled, properly insulated area where the desired temperature and humidity can be maintained by the use of refrigeration units. If standard refrigeration facilities are limited, it may be desirable to partition off and insulate a section of the dry food storage area and to install an air-conditioning unit. If this is not practical, a separate room may be used for this purpose. Humidities in refrigerated storage areas may range from 65 to 95 percent, depending on the requirements of the food. In freezer storage areas, humidity is less critical, especially if the frozen food is well packaged; even then it is essential to have rather high humidities to prevent excessive moisture loss. All refrigeration units must meet State and local building codes and inspection requirements for refrigerated food storage areas.

If the refrigerated space at the school or institution is limited, it may occasionally be necessary to rent space in a locker plant or some other facility where refrigeration is provided.

LOCATION OF REFRIGERATED FACILITIES

The refrigerated food storage space should be convenient to the receiving area and adjacent to the food preparation center in the kitchen.

Reach-in refrigerators and freezers and frozen food cabinets with built-in motors and compressors operate best when placed away from walls so that air can circulate freely around and above them. Don't fit them into a tight niche with walls on three sides or under a shelf. Such a location increases operating costs by cutting off air circulation needed to carry away the heat that is generated. For efficient operation, this equipment should be level and away from sources of heat such as sunny windows, radiators, hot pipes, and ranges.

If motor and compressor units are not built into the refrigeration equipment, place the separate units where they can have a good flow of air around them. Because these units give off heat, do not put them in a room where food is stored.

REFRIGERATED SPACE

The capacities and the combinations of refrigeration facilities suggested in table 4 may need to be varied depending on such factors as locations of the school or institution, food purchasing practices, frequency of deliveries, use of central storage, etc.

[1] 36° to 40°F is the ideal temperature range based on the capabilities of recently manufactured refrigeration equipment. Older units may not be capable of meeting such standards. However, such units should be capable of maintaining original-design operating temperatures, not to exceed 45°F.

TABLE 4. – Suggested guides to refrigerated food storage space

Number of Type A Lunches Served Daily	Walk-In Units [1]					Reach-In Units [2]	
	Refrigerator		Freezer			No. of Sections	
	Interior	Exterior	Interior	Exterior		Refrigerator	Freezer
	Cu. Ft.	Sq. Ft. (Approx)	Cu. Ft.	Sq. Ft. (Approx)			
100	—	—	—	—		1	1
250	159	64[3]	111	48[3]	or	3	4
500	318	64[3]	221	48[3]		1[4]	—
750	477	79	332	55		1[4]	—

[1] Interior space requirements for walk-in refrigerators and freezers vary considerably depending upon such variables as frequency of deliveries and buying practices. The above table is based on 10 days–a combination of weekly and bi-weekly deliveries for locally purchased foods plus monthly deliveries for donated commodities.

[2] Where space is limited or the operation serves fewer than 250 Type A lunches daily, reach-in units should be considered in lieu of walk-in units. The number of sections required was based on an average size of 22 cubic feet per section. Refrigeration calculations were based on 5 days storage for refrigerator and 10 days storage for freezer.

[3] Walk-in refrigerators smaller than 64 square feet and freezers smaller than 48 square feet are not recommended because they are generally impractical from an operations standpoint.

[4] Reach-in refrigerators should be considered as supplemental refrigeration. The number of sections depends upon the size of the particular operation, layout, and distances from the work areas to the walk-in.

MILK COOLERS

Milk coolers should be of sufficient capacity to meet daily program needs. Normally, the cooler should accommodate milk cases. Consider buying front loading milk coolers because elementary students can readily reach the cartons of milk in the front row of cases of milk. The cooler should be mechanically refrigerated, not just insulated.

Milk coolers should be the commercial type, constructed to maintain temperatures of 32° to 45°F. The most commonly used coolers are self-service front loaders with built-in fans to circulate the air uniformly. (See figure 15.) Some chest models have an automatic elevating device to keep containers at the top of the cooler. Since milk coolers are usually placed in the serving line, they should be similar in height to the serving counter.

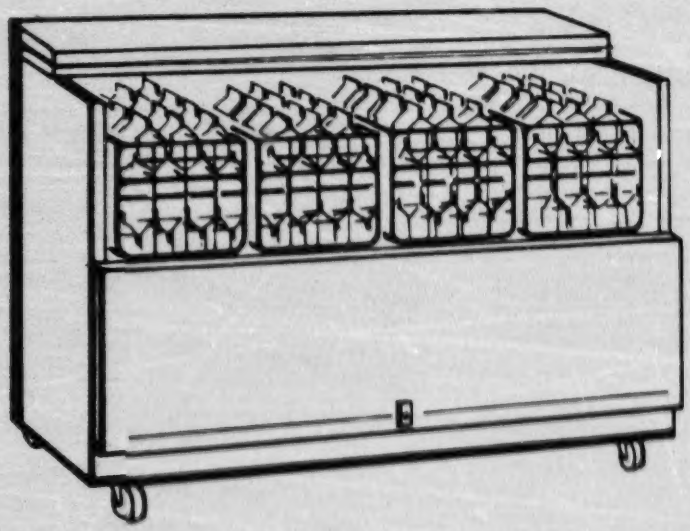


FIGURE 15.--Front loading milk cooler.

GENERAL CONSTRUCTION FEATURES

Reach-in refrigerators (see figures 16 and 17) should be the commercial self-defrosting type, constructed to maintain previously specified temperatures. Interiors and exteriors may be of aluminum, stainless steel, or porcelain enamel with vermin-proof insulation. Doors may be hinged or sliding with rotproof gaskets and plated or stainless steel hardware. Interiors fitted with door-operated electric lights, adjustable plated wire shelves, and noncorrodible slides for trays are best. Several optional features are locking hardware, doors on both sides for pass-through, and portable tray racks.

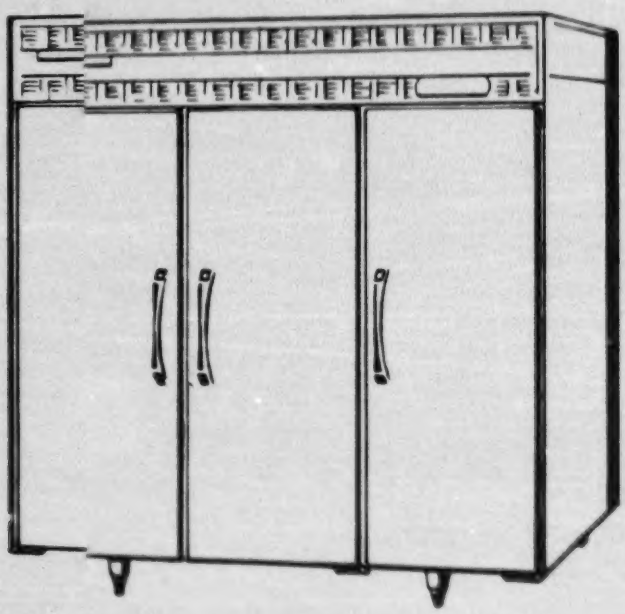


FIGURE 16.--Commercial-type reach-in refrigerator.

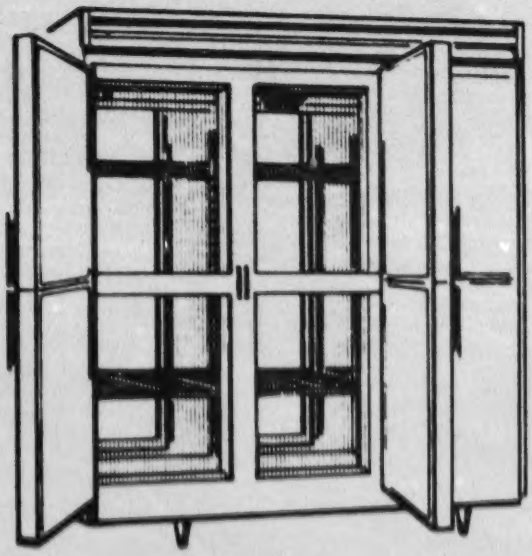


FIGURE 17.–Commercial-type pass-through refrigerator.

New walk-in refrigerators (see figure 18) should be designed to maintain a temperature of 36° to 40°F. Consider buying factory-prefabricated walk-in units made from insulated panels of enamel, aluminum, galvanized steel, stainless steel, or vinyl clad.

If the floor of walk-in refrigerators is flush with the outside floor, it permits easy access for portable equipment such as portable shelves, tray racks, dollies, etc. Doors need heavy hinges with compression-type gaskets. A view-thru window in the door is desirable. Door latches should have an integral keyed lock and an interior safety release that can be opened from inside. Reach-in doors and narrow width doors for mobile cart storage are also available; if used, arrange for them to open into the kitchen area. Blower-type refrigeration coils should be connected to remote refrigeration equipment. Service and maintenance features are important as part of the purchase contract. Again, State and local regulations need to be checked regarding floor drains.

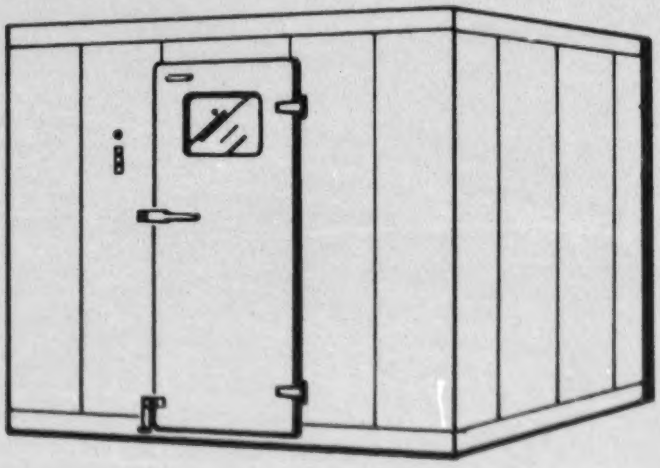


FIGURE 18.–Commercial-type walk-in refrigerator.

Storage shelves for use in walk-in refrigerators should be metal. They may be the stationary or portable type. (See figures 19 and 20.) Portable shelving with casters is preferable because it is easier to move this equipment for cleaning. Portable tray racks are also desirable: they may be loaded with food at the preparation area and wheeled into the roll-in or walk-in refrigerator until serving time. (See figure 21.)

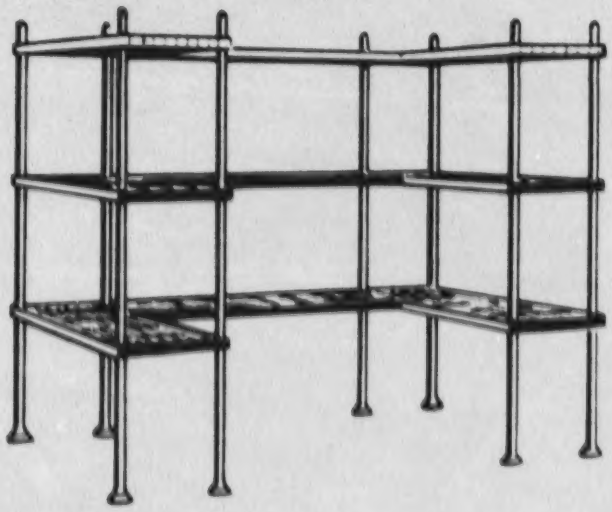


FIGURE 19.–Stationary shelving for use in walk-in refrigerators.

FIGURE 20.–Portable shelving for use in walk-in refrigerators.

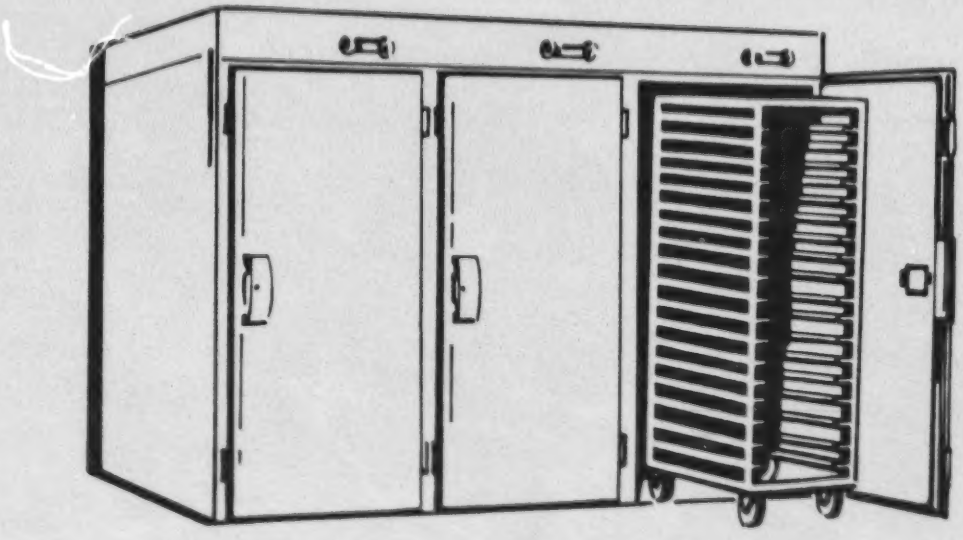


FIGURE 21.–Portable rack for use in roll-in refrigerators.

Freezer or frozen food storage cabinets should be the commercial type, adequate for maintaining a temperature of −10° to 0°F. Frozen food storage cabinets are designed primarily for the storage of frozen foods, not for freezing foods. Either the upright, chest, or walk-in-type freezer may be used. (See figures 18, 22, and 23). The upright type with removable and/or adjustable shelves is preferable.

Since it is often expedient to freeze small lots of prepared foods, it is desirable to select a freezer that is equipped with a freezer plate or shelf for quick freezing of such foods at −10° to 0°F.

FIGURE 22.—Commercial-type upright freezer or frozen food storage cabinet.

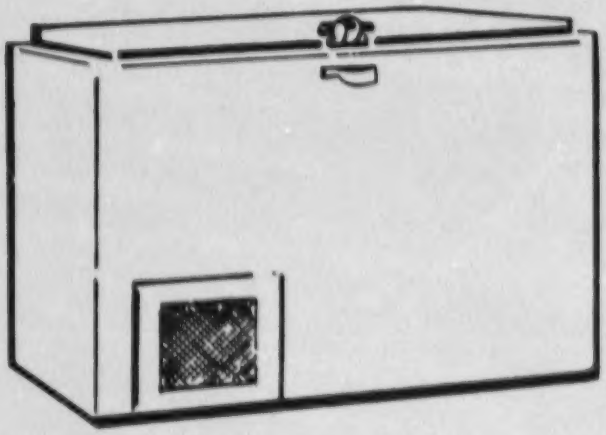


FIGURE 23.—Commercial-type chest freezer or frozen food storage cabinet.

THERMOMETERS

In order to maintain proper temperature, reliable thermometers should be located inside refrigerated facilities.

Refrigerator-freezer maximum-minimum thermometers are suitable for use in reach-in refrigerators and freezers or frozen food cabinets. A refrigerator-freezer thermometer of the type shown in figure 24 is designed to hook on wire baskets, shelves, or partitions, or to be placed on any flat surface. Some of the characteristics of a good refrigerator-freezer thermometer are: A temperature range of at least −40° to 130°F in 2° scale divisions, a red-liquid-filled or mercury-filled magnifying glass tube for easy reading, a rust-resistant scale, and frame scale completely encased to protect the thermometer bulb and slow down changes in temperature indications when the door is opened for readings.

The coldest and warmest areas in a refrigerator vary with the type of unit. To determine where these areas are in a given refrigerator, place thermometers in different locations and keep the door closed for about an hour before taking readings. When the warmest area is determined, the thermometer should be placed there and the thermostat adjusted as necessary to obtain the recommended storage temperature. The warmest area in a freezer can be determined in the same manner.

Remote-reading thermometers of the type shown in figure 25 are designed for use in walk-in refrigerators and freezers or frozen food cabinets. They permit the reading of temperatures from the outside of the facility. The capillary tube permits placing the thermometer scale outside the refrigerated facility so that the temperature can be checked without opening the door. This type of thermometer should have the following construction characteristics: A minimum temperature range of −40° to 60°F in 2° scale divisions, a red-liquid-filled magnifying-glass tube with 4 feet of capillary tube and temperature-sensitive bulb attached, enameled scale completely encased to protect thermometer tube, and mounting holes in metal back.

The temperature bulb is placed inside the regular storage compartment of the refrigerator or freezer, away from packages of food, and where air can circulate freely around it. The capillary tube fits easily between the door and the frame without affecting the efficiency of the freezer or refrigerator.

Single-pen recording thermometers of the type shown in figure 26 are designed to record continuously the temperatures of walk-in refrigerators and freezers. The chart rotates once in 7 days, providing a complete weekly record. Such instruments have the following characteristics: Rectangular aluminum dustproof case, smooth stainless capillary between bulb and case, 7-day revolution chart graduated from at least −40° to 70°F in 1° scale divisions, mercury-actuated thermal system with temperature-compensated capillary, and a lock in the case door to eliminate tampering with recorder calibration and mechanism.

This type of instrument eliminates guesswork as to how high or for how long temperatures may have risen. The recorder is usally mounted outside the refrigerated space, with the temperature-sensitive bulb mounted near the center and toward the top of the unit.

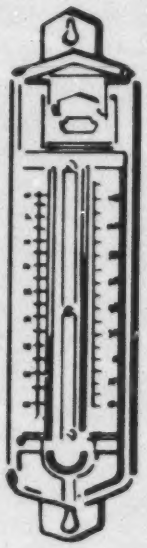


FIGURE 24.—Maximum-minimum refrigerator-freezer thermometer.

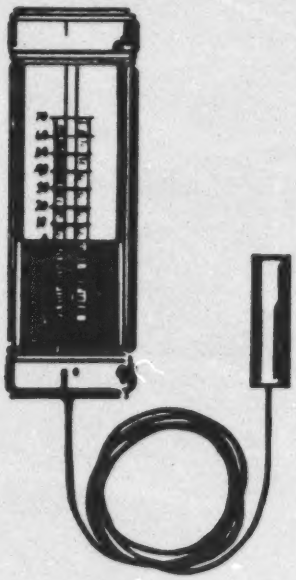


FIGURE 25.—Remote-reading thermometer.

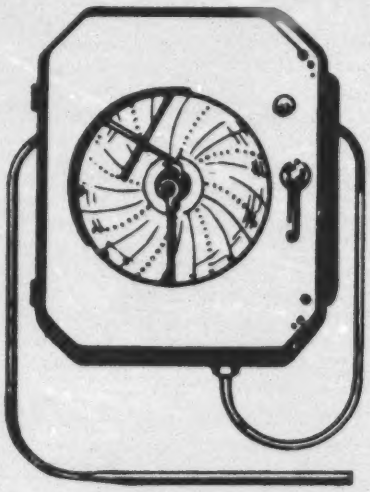


FIGURE 26.—Single-pen recording thermometer.

PART IV - MANAGEMENT PRACTICES

INSPECTION OF FOODS UPON ARRIVAL

Each delivery of food should be carefully checked for possible shortages and damage before the foods are accepted. Thoroughly inspect all foods before they are put in storage.

Examine refrigerated products upon arrival to be sure that temperatures are adequate and that the products are in good condition. This is especially essential for frozen foods.

Canned foods should be examined to determine if there are any damaged, disfigured, or discolored cases or cans, which might indicate spoilage or deterioration.

Foods subject to insect infestation need to be throughly inspected. Even though foods are free of infestation when shipped, they may arrive badly infested due to the use of an infested freight car or truck.

Any foods that are found to be out of condition at time of receipt must be segregated from other foods. (USDA-donated foods found to be out of condition are to be recorded and reported to the State distributing agency.)

RECORDKEEPING

It is essential that all schools and institutions keep accurate records on the amounts of food in stock and the quantities of food moving into and out of storage over given periods of time. To keep satisfactory food controls, it's important to establish a system with one person designated to keep the records. Methods used to maintain this information will vary with the individual school or institution.

Perpetual inventory

It is recommended that a perpetual inventory record be kept for all foods in stock. Form 1 illustrates the type of card that may be used for keeping such an inventory record. Separate cards should be kept for each food item. If different size containers of the same food item are being stocked, separate cards are needed for each size—for example, separate cards would be needed for No. 10 and No. 2½ cans of tomatoes. The perpetual inventory cards show at a glance for each food item: The dates of all transactions, the record of action, the quantity of food received, the quantity of food withdrawn, and the balance of food in storage.

The person designated to keep the inventory record will find it best to set aside a specific time for posting the entries daily. As a matter of convenience, colored riders may be attached to cards to indicate stock that is low or that should be used at once.

FORM 1.– Perpetual inventory card.

Food Item: Tomatoes, canned Unit Size: No. 10 cans (6 per case)

Date	Record of Action	Quantity of Food (Cases, cans, pounds, etc.)		
		Received	Withdrawn	Balance
Sept. 1	On Hand	cans	cans	cans 12
4	To Kitchen		9	3
8	Purchased (Invoice No. 9466)	18		21
9	To Kitchen		6	15
16	Purchased (Invoice No. 9467)	108		123
18	Transferred to Elyria School		36	87
19	To Kitchen		9	78

Daily Withdrawal Form

In larger schools and institutions it is usually desirable to use a daily withdrawal form to record each food item as it is taken from storage. (See form 2.)

For convenience, separate forms may be used at the dry food storage area and at refrigerators and freezers. The use of these daily withdrawl records will facilitate the posting of the perpetual inventory cards. The information from these forms should be posted to the perpetual inventory card.

Date	Record of Action	Food Item	Amount of Food (cases, cans, pounds, etc.)
Sept. 4	To Kitchen	Turkeys (frozen)	2 (18 # each)
		Tomatoes	9 (No. 10 cans)
		etc.	
	Transferred to Elyria School	Peaches	3 cases (18 No. 10 cans)

FORM 2.– Daily withdrawal form.

Physical Inventory

In small schools or institutions, where a perpetual inventory record does not seem to be justified, a complete physical inventory of all foods on hand must be taken before the monthly financial statement can be made. It is also wise for larger schools and institutions to take a monthly physical inventory for use in making the financial statements. In addition, it serves as a check on the accuracy of the perpetual inventory record. The physical inventory includes all food on hand in the kitchen as well as that in storage. In calculating the value of the inventory, it is customary to use the original purchase cost of the items rather than the current market price.

For ease in taking a physical count of all foods in storage, arrange the items according to food groups, with each group arranged in alphabetical order. For example, one group might include "canned fruits–apples, apricots, etc." This system makes for ease in counting when taking a physical inventory and gives an orderly appearance to the storeroom. The procedure for taking a physical inventory is simplified and made more accurate by using the following techniques: List in a bound notebook all items in the order or sequence in which they are stored; provide lines for 12 monthly entries, such as suggested in form 3. Space should be left between the listings for additional items that may be added during the year.

The count of each food item taken during the physical inventory may be recorded in red on the corresponding perpetual inventory card to provide a simple means of comparing the two inventories. Minor differences are sometimes found when more than one person is responsible for keeping the records. If this occurs, the figures should be adjusted. Any major differences in the two inventories should be investigated thoroughly.

Physical Inventory

Name of School or Institution: Wakefield School **Year:** 1974-75

Food Item	September 1					Ocotober 1					Nov. 1	
	Brand	Quantity	Size Pkg.	Unit Cost	Total Cost	Brand	Quantity	Size Pkg.	Unit Cost	Total Cost	Brand	Quantity
Applesauce												
Applesliced												
Apricots												
?												
etc.												

[1] Institutions should use the calendar year rather than the school year.

FORM 3.– Physical inventory sheet.

TEMPERATURE REQUIREMENTS

Table 5, based on current research findings, is a general guide for storing various types of foods. As used in table 5, "satisfactory" means this type of storage is acceptable. "Preferred" means this type of storage maintains quality of the product for a longer period of time. "Required" means that this type of storage is essential—there is no alternative to it.

TABLE 5.—General temperature guides for storing foods.

Food	Dry storage (50°–70°F)	Refrigerated storage (36°–40°F)[1]	Freezer storage (0°F or below)
DAIRY PRODUCTS			
Butter		Satisfactory up to 2 weeks (maximum 45°F).	Required over 2 weeks
Cheese, Natural		Required (maximum 45°F).	
Cheese, Processed		Required (maximum 45°F).	
Milk, Canned	Satisfactory	Preferred	
Milk, Fluid Whole		Required (maximum 45°F).	
Milk, Nonfat Dry	Satisfactory	Preferred	
EGGS			
Shell		Required	
Dried		Required	
Frozen			Required
MEAT AND MEAT PRODUCTS			
Frozen meats, such as Ground Beef; Hams, and Shoulders, Pork Loins; Turkeys, etc.			Required
Cured Hams and Shoulders; Bacon; etc.		Required	
Canned Hams		Required	
Other canned meats, such as Beef and Gravy; Pork Luncheon Meat; Pork and Gravy, etc.	Satisfactory	Preferred	
FATS AND OILS			
Cottonseed Oil; Lard; Olive Oil; and Vegetable Shortening.	Satisfactory	Preferred	
CANNED VEGETABLES			
Green Beans; Beets; Carrots; Corn; Green Peas; Tomatoes; Tomato Juice; Tomato Paste; Tomato Puree; etc.	Satisfactory	Preferred	

[1] Although 36° to 45° F is acceptable, 36° to 40° F is presently considered the ideal temperature range.

TABLE 5.–General temperature guides for storing foods. – Continued

Food	Dry storage (50°–70°F)	Refrigerated storage (36°–40°F)[1]	Freezer storage (0°F or below)
CANNED FRUITS			
Orange Juice, Concentrated.	. . . . .	Required	. . . . .
Other canned fruits, such as Apples; Applesauce; Apricots; Blackberries; Cherries; Cranberry Sauce; Figs; Grapefruit Sections; Grapefruit Juice; Peaches; Purple Plums (prunes); etc.	Satisfactory	Preferred	. . . . .
FRESH VEGETABLES			
Onions	Satisfactory	Preferred	. . . . .
Potatoes, Irish . . .	Satisfactory	Preferred (minimum 40°F).	. . . . .
Sweetpotatoes . . .	Required (minimum 55°F).	. . . . .	. . . . .
Other fresh vegetables, such as Green Beans; Beets; Cabbage; Carrots; Spinach; etc.	. . . . .	Required	. . . . .
FRESH FRUITS			
Apples; Peaches; Pears; Purple Plums; etc.	. . . . .	Required	. . . . .
DRIED VEGETABLES			
Beans, High Moisture	Satisfactory for 60 days.	Required over 60 days.	. . . . .
Beans, Low Moisture	Satisfactory	Preferred	. . . . .
DRIED FRUITS			
Apples; Apricots; Peaches.	Satisfactory for 2 weeks.	Required over 2 weeks.	. . . . .
Figs; Prunes; Raisins; etc.	Satisfactory	Preferred	. . . . .
CEREAL PRODUCTS			
Regular Cornmeal; Whole Wheat Flour.	Satisfactory for 60 days.	Required over 60 days.	. . . . .
Degermed Cornmeal; All-purpose and Bread Flour; Rice; etc.	Satisfactory	Preferred	. . . . .
MISCELLANEOUS			
Honey	Satisfactory	. . . . .	. . . . .
Nuts	. . . . .	Required	. . . . .
Peanut Butter	Satisfactory	Preferred	. . . . .

[1] Although 36° to 45°F is acceptable, 36° to 40°F is presently considered the ideal temperature range.

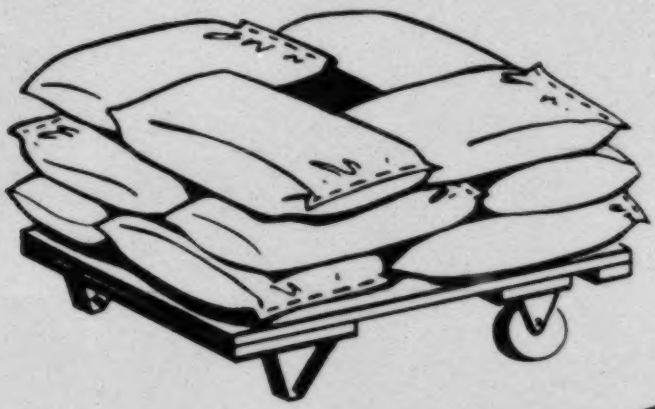
RECOMMENDED STORAGE PRACTICES

The importance of storing food properly cannot be overemphasized. Improper storage may cause spoilage which is not only wasteful but increases food costs. Of even greater importance is the health hazard involved. Food that is even slightly tainted may cause illness.

In storing foods, it is important not only to consider the use of proper storage methods to reduce food spoilage, but also to consider efficient methods of storage which will save space and make it easy to handle the foods. The following storage practices are recommended:

Stack Bagged Foods on Dollies or Skids

Quantity lots of bagged foods such as flour, rice, beans, cornmeal, potatoes, sugar, etc., may be stacked on dollies or skids, using one of the methods shown in figure 27. Either method permits the necessary circulation of air. To make the most effective use of the storage area, stack the foods as high as safely practicable for ease in handling. Protect current supplies of flour, rice, beans, cornmeal, and sugar in metal or plastic food containers equipped with tight-fitting covers. The cans should be plainly labeled and equipped with dollies or casters so that they can be moved easily.



Chimney-style stacking.

Lock-style stacking.

FIGURE 27. Methods of stacking bags of flour, rice, beans, cornmeal, potatoes, sugar, etc.

Stack Cased and Boxed Foods on Dollies or Skids

Quantity lots of cased and boxed foods, stacked in alternating patterns on dollies or skids, make a stable load for storing and handling. Methods of stacking these foods are shown in figure 28. If desired, smaller lots of canned foods may be stored on shelves in or out of the cases.

Stack Foods of a Kind Together

Arrange the foods in the storage space according to type, such as canned foods, dried fruits, etc., to facilitate taking inventories.

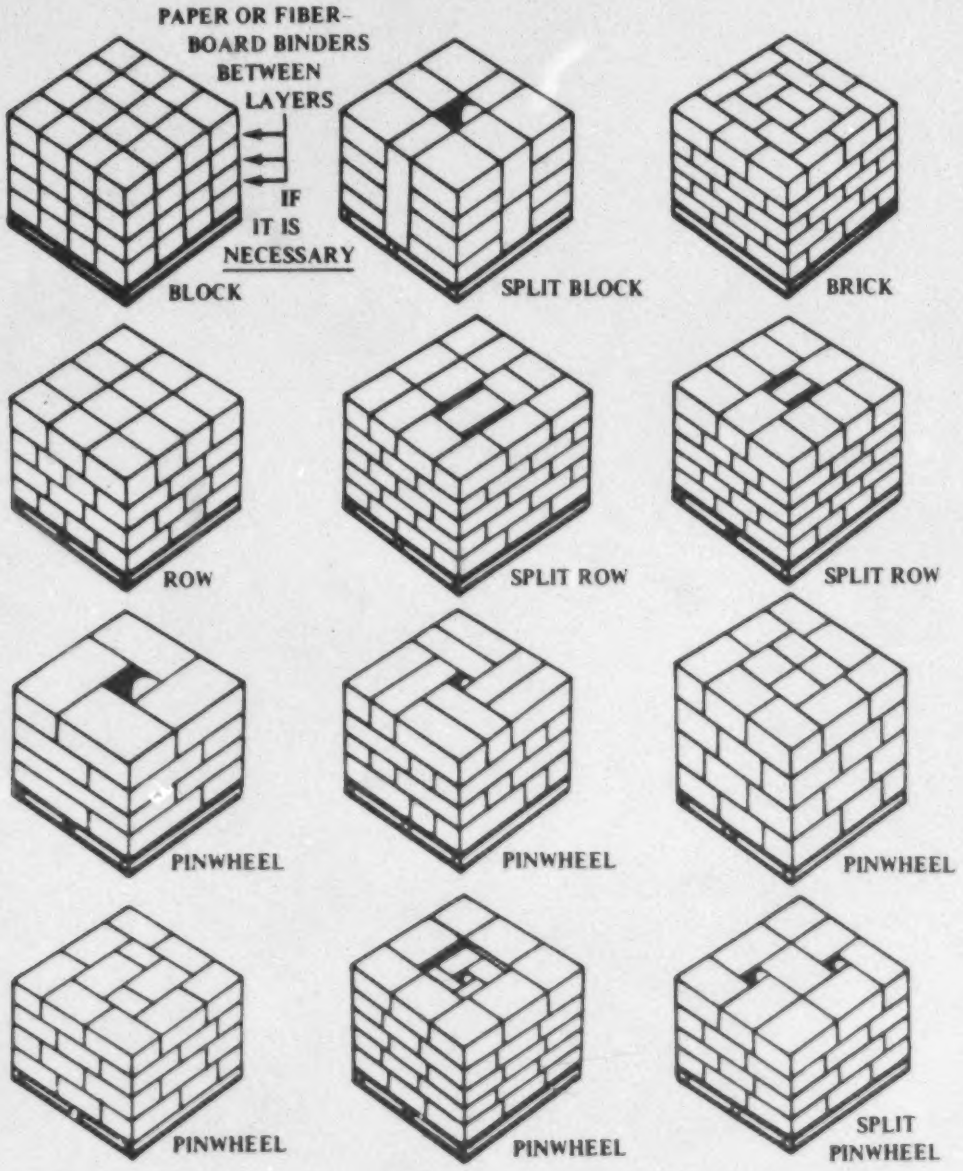


FIGURE 28.—Methods of stacking cased and boxed foods.

Date or Number the Foods for Easy Identification
Date or number the new stock to provide a record so that the old stocks may be used first. (See figure 29.)

Place Oldest Out Front
Placing oldest stocks out front will assure the use of the foods on a "first-in, first-out" basis. (See figure 30.)

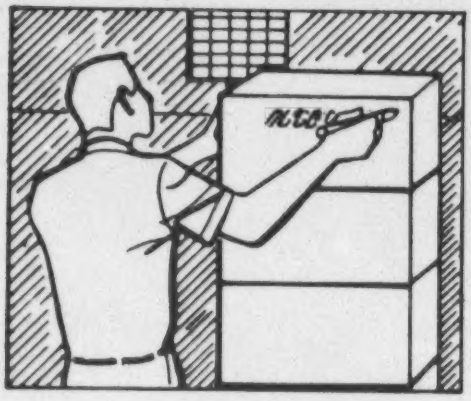


FIGURE 29.–Date or number new foods.

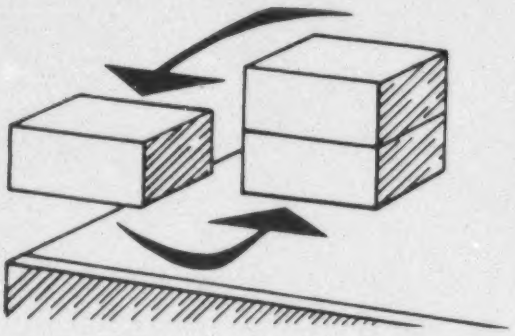


FIGURE 30.–Place oldest stocks out front–use them first.

Store Foods Away From Walls and Off the Floor
All foods should be stored away from the walls and off the floor. This keeps them from absorbing moisture that will cause cans to rust, package seams to burst, and foods to mold or rot. (See figure 31.)

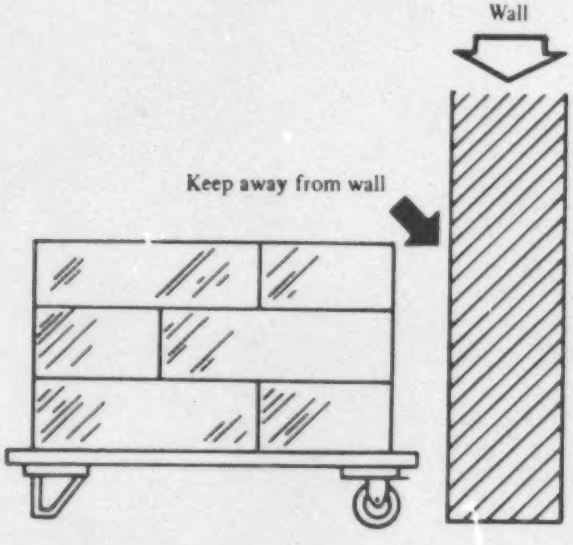


FIGURE 31.–Store foods away from walls and off the floor.

Store Foods That Absorb Odors Away From Those That Give Off Odors

Foods that absorb odors must be stored away from foods that give off odors. A representative listing of typical foods that give off and/or absorb odors is shown in table 6.

Do not store items such as paint, kerosene, gasoline, oils, naphthalene, soap, wax, polishes, mops, wearing apparel, etc., in the same area with foods. Provide a separate storage room for such items.

TABLE 6.–Foods that give off and/or absorb odors

Food	Gives Off Odors	Absorbs Odors
Apples, Fresh	Yes	Yes.
Butter	No	Yes.
Cabbage	Yes	No.
Cheese	Yes	Yes.
Cornmeal	No	Yes.
Eggs, Dried	No	Yes.
Eggs, Fresh Shell	No	Yes.
Flour	No	Yes.
Milk, Nonfat Dry	No	Yes.
Onions	Yes	No.
Peaches, Fresh	Yes	No.
Potatoes	Yes	No.
Rice	No	Yes.

Refrigerate Fresh Meats, Poultry, and Fish

Fresh meats such as ground meat, liver, poultry, and fish must be refrigerated immediately. These highly perishable foods lose quality fast, even when refrigerated. Therefore, they need to be used on the day they are delivered or within 24 hours. Remove outside paper wrappings from fresh meats before they are placed in the refrigerator. The meats should be spaced to allow for air circulation.

Large cuts of meat keep best if hung on hooks in the walk-in refrigerator. This method will result in slight drying of the meat, helping to preserve it.

Refrigerate Dairy Products and Eggs

Milk, cheese, butter, and eggs must also be refrigerated immediately. Prompt and continual refrigeration is as important for these products as for meats. Wrap cheese tightly to prevent its drying out. It is also important to avoid freezing cheese, since freezing breaks the grain and causes the cheese to crumble. Butter also needs to be wrapped to prevent absorption of odors and to protect it against exposure to light and air, which hasten rancidity. If possible, store cheese and butter in the original shipping containers. Egg crates should be cross-stacked to allow circulation of air. Don't move the crates more than necessary during storage.

Refrigerate Fresh Fruits and Vegetables

Fresh fruits and vegetables require immediate refrigeration. This helps to preserve their color, flavor, texture, and nutritive value. Examine fresh produce for ripeness before storing; very ripe items should be removed and used immediately. Leave paper wrappings on fruits to help keep them clean and to prevent spoilage and loss of moisture. The products should be stored in a manner which will allow cold air to circulate around them.

Refrigerate Cooked Foods

Cooked foods must be refrigerated at 45°F or lower in clean, covered containers. Use these foods within 2 to 3 days, preferably within 24 hours. Don't refrigerate cooked foods a second time after they have been removed from refrigeration and reheated for serving. Prepared and precooked foods that are served cold, such as cream- or custard-filled pastries, cream- or custard-type puddings, salads, sandwiches, and cold meats, need to be kept under refrigeration until serving time.

Cooked foods require quick cooling–within 2 to 3 hours–to refrigeration temperature to avoid danger of poisoning. This is especially important for liquid or semi-solid food preparations, such as custards and custard-filled products, foods in cream sauce or gravies, stews and soups, which favor rapid growth and spread of bacteria; and for foods where handling during preparation is likely to induce general bacterial contamination; i.e., cooked sliced ham and boned poultry.

Small quantities of cooked foods can be cooled satisfactorily by refrigerating immediately. When refrigeration facilities are limited, large quantites of cooked foods may need to be partially cooled before they are refrigerated to avoid raising the temperature of the refrigerator. Such pre-refrigeration cooling should be limited to 2 hours or less. Cooling of large roasts, etc., may be speeded by placing them in front of a fan.

Large quantities of slow-cooling foods, such as gravies, stews, and noodles, may take too long to cool unless special steps are taken to hasten heat transfer. If precooled outside the refrigerator, such foods can be placed in a sink or vat of cold water and stirred frequently to hasten cooling. Even if placed directly in the refrigerator, occasional stirring may be necessary to assure cooling to near-refrigeration temperature within 2 to 3 hours. Check local health laws regarding the care of perishable foods. Ordinances may require that all perishable food and drink be kept under refrigeration except when being prepared and served.

Storing Frozen Foods

Store frozen foods in the freezer in the original shipping containers. This will reduce the possibility of freezer burn and drying out of the foods.

If space does not permit storing these foods in the original shipping containers, or if the containers have been damaged, the individual packages of food will need an additional overwrap in moisture-vapor-proof packaging material before being placed in the freezer.

Check to see that the freezer maintains a temperature of 0°F or below. Temperatures above 0°F, even for brief periods of time, will cause products to lose quality. Some quality losses are easy to see; others are invisible. These losses include browning or darkening of the product, loss of flavor and color, off flavors, undesirable change in texture, and loss of vitamin C.

If frozen foods have thawed, do not refreeze. If in good condition, use them immediately or refrigerate them and use within 24 hours.

Freezing Freshly Cooked Foods

Freshly cooked foods may be frozen. The food must be chilled promptly and thoroughly, then packaged in moisture-vapor-proof materials or containers to exclude air and prevent loss of moisture. The foods should

be placed on a freezer plate or shelf for quick freezing at 0°F or below. To assure uniform and rapid freezing, the packages must come in contact with the freezing surface and not with each other.

Some of the packaging materials and containers that may be used, depending upon freezer space available, are: No. 10 cans with tight fitting plastic lids; 5- and 10-pound cans with tight fitting, slipcover lids; polyethylene freezer bags; polyethylene-coated or laminated freezer paper; heavy freezer aluminum foil; and heavily waxed cardboard boxes.

SUGGESTIONS FOR CARE OF SCHOOL LUNCH FOODS AND FOOD STORAGE FACILITIES DURING THE SUMMER MONTHS

Make every effort to use up all foods on hand before the end of the school year. Put inventories to work by planning menus around the foods on hand. The money saved by using such foods can be used to restock the storeroom in the fall.

If, in spite of careful planning, some foods are left at the end of the school year, make arrangements to store them properly during the summer months. Many foods lose nutritive value during storage, and all foods will spoil if not stored properly. For information on proper temperatures at which various foods need to be stored, see table 5. In addition, the following suggestions will be helpful in taking care of foods and storage facilities during the summer months:

Dry Food Storage

Keep storeroom cool and dry, at temperatures around 50°F, if possible (not above 70°F).

Clean storeroom thoroughly as described in Part V, "Housekeeping Practices."

Consult the local health department or a reputable licensed exterminating or fumigating company regarding the use of insectides and fumigants.

Keep storeroom well ventilated. Make some provision for airing the storeroom several times during the summer months.

Keep storeroom rodent- and insect-proof. Check and repair any holes or openings where rodents and insects may enter.

Keep storeroom theftproof. Be sure that locks on doors and windows are secure.

Refrigerated Food Storage

During the summer months when schools are closed, it is best to transfer foods requiring refrigerated storage to a locker plant or commercial cold storage plant.

Disconnect reach-in refrigerators, freezers or frozen food storage cabinets, and walk-in refrigerators at the plug or by removing the fuses, rather than just turning them off at the switch. This may prevent a burned-out motor if lightning should strike nearby.

Clean all refrigerated equipment thoroughly as described in Part V, "Housekeeping Practices."

Prop refrigerator and freezer doors so that they will remain open. If an inoperative reach-in refrigerator, food freezer, or walk-in refrigerator is left tightly closed and the inside is at all damp, the metal parts will corrode in a short time.

Compressors, condensers, and motors should be serviced by a competent refrigeration mechanic.

If foods requiring refrigeration are kept on the school premises, check refrigerated units periodically to be sure that proper temperatures are being maintained.

Before Storing School Lunch Food During the Summer Months

- Check all food to be sure it is in good condition.
- Dispose of any cans that are bulging or leaking.
- Open samples of food packaged in paper cartons and boxed to be sure that it is in good condition.
- Dispose of any food that is moldy or otherwise spoiled.
- Repackage broken lots of food in metal containers with tight-fitting lids.
- Store food on shelves, dollies, or skids – do not put directly on the floors.
- Store food so that air can circulate around it. Leave a 1- to 2-inch space between the walls and the food.
- Label and date all food that is placed in storage. Use this food first in the fall.
- Make a record of all food in storage to be used when planning the food supplies needed in the fall.

PART V - HOUSEKEEPING PRACTICES

IMPORTANCE OF SANITATION AND CLEANLINESS

Good housekeeping practices should be followed daily to insure cleanliness and orderliness in all food storage areas. Sanitation and cleanliness are a must in food handling and storage.

Most food-poisoning outbreaks are caused by failure of food handlers to follow good sanitary practices. This places the responsibility directly upon the food service personnel in schools and institutions to adopt good practices of sanitation and cleanliness.

CARE OF DRY STORAGE FACILITIES

To keep the dry food storage area in good condition, foods must be inspected regularly and cleaning schedules established and followed.

Check all food frequently for evidence of spoilage, such as bulging and leaking cans. Where spoilage has occurred, remove the food immediately and clean the area thoroughly to prevent contamination of other foods.

Inspect also for such damage as torn sacks and broken cartons. If the food is in good condition, use it immediately or repackage it and use as soon as possible. All empty containers and sacks should be removed from the storeroom.

The storeroom floors should be swept daily and mopped at least once a week. For sweeping floors, nonpungent sweeping compounds are recommended. If these are not available, the floor should be lightly sprinkled with water before sweeping. Skids or dollies on which foods are stored should be removed as needed to permit thorough cleaning of the floors. The walls, shelves, skids, or dollies, etc., should also be cleaned and washed regularly. Any foods dropped or spilled on the floor should be cleaned up immediately to prevent rodent and insect infestation.

Insect and Rodent Control

Insects destroy or render unfit for human consumption enormous quantities of food each year. The following foods are susceptible to insect infestation:

- Dried beans and peas.
- Grain products (flour, cornmeal, rice, cereals, etc.).
- Dried fruits (prunes, raisins, apricots, etc.).
- Nonfat dry milk.
- Cheese.

There are many ways in which insect infestation may occur in a storeroom. Insects or insect eggs may be harbored in floor cracks, baseboards, or in storeroom walls, in freight cars and trucks in which foods are transported, or in shipping containers, especially where the containers are re-used without proper cleaning or fumigation. Insect infestation is evidenced by the presence of webbing, beetles, moths, larvae, holes in grain, or partly-consumed foods. Since insects are seldom found on the outside of containers, it is necessary to inspect the inside of bags and cases. In bagged foods, insects are usually found in the creases of the bags, along seams, or in the ears of the bags. In cased foods, they may be found in the dark, closed sections of the boxes. It may be necessary to examine several bags or cases of foods before any infestation is noticed.

Insect infestation may occur even under ideal storeroom conditions; therefore, constant vigilance must be maintained for any sign of infestation, particularly during warm weather. Insect infestation of foods such as cornmeal, flour, beans, rice, dried fruits, and nonfat dry milk can be prevented by keeping these foods stored at temperatures below 50°F.

Rodents also destroy or render unfit for human consumption enormous quantities of food each year. They are carriers and transmitters of such diseases as typhoid fever, cholera, tuberculosis, bubonic plague, and rabies. Rodents enter buildings through holes or openings around pipes and wires, and they frequently burrow under floors and enter through ventilation and drainpipes. Therefore, all such openings need to be covered or sealed with ¼-inch-mesh galvanized hardware cloth or sheet metal. All fan and ventilation openings, doors, and windows require screens.

The most effective ways of eliminating and controlling both rodents and insects are by extermination and fumigation. Both of these services can be rendered by a reputable licensed company. However, the services of such a company should not be relied upon completely. It is also important to have an organized program of good housekeeping with a designated responsible employee in charge.

Any contracts made with fumigating companies should contain a statement to the effect that the contractor will comply with all Federal, State, and local laws and regulations and that proper aeration of the building will be accomplished after fumigation. The improper use of some fumigants may result in an explosion or a fire, or in ill effects to workmen from exposure to the chemicals used. Therefore, a fumigating company must show evidence of public liability, property and fire insurance, and workmen's compensation. Since it is possible that the first fumigation will not effect a complete kill and may have to be followed with a second fumigation, a 100-percent-kill guarantee should be included in any contract entered into with a fumigating company. Poisons are dangerous to use around food items and must be used only by experienced and trained exterminators or under their supervision.

CARE OF REFRIGERATED FOOD STORAGE FACILITIES

All refrigeration equipment needs to be checked frequently to see that it is kept in good condition. It is important to retain a reliable serviceman for periodic service and cleaning of all compressors, condensers, and motors. Cleaning schedules should be posted and followed for the checking and cleaning of all refrigerated equipment.

Reach-in and walk-in refrigerators require thorough cleaning at least once a week. Some suggestions for cleaning follow: Remove food supplies and portable equipment to do a thorough job of cleaning; defrost when necessary, following the manufacturer's instructions; cover the food or wrap it to minimize temperature changes; and wash shelves, meathooks, skids, dollies, etc. with hot water containing a good detergent. It may be necessary to scrub with a pot brush to remove grease and food particles. Rinse well with hot water. Wash the interior with warm water and baking soda, using one tablespoon of baking soda to each quart of water. Walk-in refrigerator walls and floors may need to be scrubbed with a hot detergent solution and rinsed thoroughly. Wash the exterior with warm water and a good detergent. Flush drainpipes with hot water and baking soda. Wash the rubber door gasket with warm water and mild soap; this increases its life. Foods should be carefully inspected for quality and put in clean containers before returning them to the refrigerator. Milk coolers and dispensers also need cleaning at least once a week, using similar procedures.

Freezers or frozen food storage cabinets should be defrosted and cleaned as needed, when the frost becomes three-eighths inch to one-half inch thick on the sides or coils. Follow the manufacturer's instructions. Ordinarily, defrosting once or twice a year is enough. If humidity is high or if the freezer is opened often, another defrosting or two during the year may be necessary. If possible, defrost when the quantity of food in the freezer is relatively low. If the freezer is not too full, food packages need not be taken out; they can be moved from one part of the freezer to another as work progresses. A broad stiff spatula, a putty knike, or a sharp-edged wooden paddle may be used, or special tools for removing frost may be purchased.

If a complete job of cleaning is needed, the following procedure is recommended:

1) Remove all food packages and disconnect the freezer;
2) Place the packages on trays or in baskets that have been thoroughly cooled in the freezer. Pile the packages as compactly as possible to reduce the amount of exposed surface and cover with insulating material such as newspapers;
3) Scrape as much frost as possible from the surfaces so there will be less to melt off. Cold water may be run over the refrigerated surfaces to hasten the melting. Hot water should never be used, since refrigerant pressure could build up in the evaporator and cause difficulty in starting the compressor. An electric fan placed so that it will blow room air into the freezer, or cold air out, will help to melt the ice;
4) Remove the ice from the surface at intervals, as it loosens, to speed the defrosting process. Do not chip the ice off with an icepick or other sharp tool that might damage the liner surface or coils;
5) Wash the interior and exterior as described above, when defrosting is complete.

Connect the freezer and let it run for half an hour or so to bring the temperature down somewhat before putting the food back in. When returning the food to the freezer, it is a good idea to take an inventory and to place the older packages at the front or top of the freezer or to earmark them in some way for first use.

Office of Surplus Property
721 Capitol Mall, Sacramento, CA 95814
(916) 445-4943

INVENTORY REPORT AS OF APRIL 30, 1982

Recipient Agency _____ County _____ Telephone Number _____

Address _____ City _____ Zip Code _____

Contact Person in Food Services _____ Average Number of Eligible Meals Served Daily _____

Commodity and Pack	Column 1 *Quantity on Hand	Column 2 Condition of Commodities - Good, Poor, or Unusable. Specify reason if Poor or Unusable.	Column 3 Quantity on Hand That Will Not Be Consumed By November 1, 1982	Column 4 Months The November 1st Supply On Hand Would Last

LIST ANY OTHER DONATED COMMODITIES ON HAND NOT IN THIS INVENTORY REPORT WHICH YOU RECEIVED FROM THIS AGENCY. INCLUDE ANY HELD FOR YOUR ACCOUNT BY ANY FOOD PROCESSORS.

Type or Print Name: _____ Title: _____

Manual Signature: _____ Date: _____

*Report only full cases or balers. Count all units and if commodities have been removed from cases or balers convert quantities on hand to full cases or balers.

Form OSP/C-F-003

I-1408-1

Office of Surplus Property
721 Capitol Mall, Sacramento, CA 95814
(916) 445-4943

SOUTHERN CALIFORNIA
SCHOOLS A & C

INVENTORY REPORT AS OF APRIL 30, 1980

Complete heading exactly as it appears on Agreement for Distribution of Donated Food. →

Indicate any changes such as telephone number, address, average daily participation, or food service director. →

Recipient Agency: Washington Union School District Tel. No.: (916) 454-6789

Address: 29000 Main Street City: San Bernardino County: San Bernardino

Contact Person in Food Services: Jane Doe Average No. of Meals Served Daily: 600

Commodity and Pack		Column 1 *Quantity on Hand		Column 2 Condition of Commodities "Good", "Poor" or "Unusable"	Column 3 Quantity on Hand That Will Not Be Consumed By November 1, 1980	Column 4 Months The November 1st Supply On Hand Would Last
Butter Chips	6/5#		cs			
Butter Prints	32/1#	30	cs	Good		
Butter Prints	36/1#		cs			
Cheese, Process	6/5#		cs			
Cheese, White Cheddar Type	app 40#		cs			
Cheese, Monterey Jack	4/10#		cs			
Cheese, Mozzarella (USDA)	6/5#	24	cs	Good		
Cheese, Mozzarella (USDA)	8/6#		cs			
Milk, Nonfat Dry	50	1	sk	Poor - too old		
Applesauce, Cnd.	6/#10		cs			
Apple Juice, Cnd.	12/46		cs			
Apples, Fresh	40#		bx			
Cranberry Sauce, Cnd.	6/#10	3	cs	Unusable - Excessive Stocks		
Peaches, Cnd.	6/#10	10	cs	Good	4	3 months
Pears, Cnd.	6/#10		cs			
Pineapple, Cnd.	6/#10		cs			
Plums, Cnd.	6/#10	10	cs	Good	2	2 months
Raisins (Box)	144 1-1/3 oz.		cs			
Raisins (Bag)	200 1-1/3 oz.		cs			

All columns must be completed:

Column 1 - Exact count in full units.

Column 2 - If "poor" or "unusable specify the reason; for example, age, infestation, contamination, poor acceptability, excessive stocks. →

Column 3 - Consult utilization records.

Column 4 - Consult utilization records.

LIST ANY OTHER DONATED COMMODITIES ON HAND NOT SHOWN ABOVE WHICH YOU RECEIVED FROM THIS AGENCY, INCLUDING ANY HELD FOR YOUR ACCOUNT BY ANY FOOD PROCESSORS.

Complete bottom of form. Manual signature required. →

Type or Print Name: JANE DOE Title: Food Service Director

Manual Signature: Jane Doe Date: May 5, 1980

*Report only full cases or bags. Count all units and if commodities have been removed from cases or bags, convert quantities on hand to full cases or bags.

California State Department of Education
Bureau of Child Nutrition Services
Form No. BCNS 71-14 (Revised 1-78)

District _____

School _____

Year _____

Food Service Program
Monthly Inventory Record

Month	Surplus commodities		Purchased food		Nonfood items		Total	
July	$		$		$		$	
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
Totals	$		$		$		$	
					Grand total		$	

The Monthly Inventory Record is important to good school lunch management because:

1. It aids in menu planning and purchasing.

2. It keeps stock moving and discourages spoilage and waste caused by holding stock too long.

3. Food cost studies can be accurately and easily made when an inventory is kept.

4. Knowing the value of the stock on hand will enable one to obtain the true net balance of the lunchroom operation.

Instructions

(See the reverse side of this page for examples.)

The following suggestions will be of help in taking a monthly inventory.

A. Steps in taking an inventory

1. Organize your storeroom.
   a. Place all packages or cans of one item together.
   b. Group fruits in one area, vegetables in another, and so forth.
   c. Stack unopened cases so you can easily read what is in them.
   d. Place cans, bottles, jars, or packages on shelves in neat, even rows.
2. Check the item received in shipment against the invoices and orders to be sure that the proper kind and amount of each item are delivered and the charge is correct.
3. Place date of arrival on all unopened cases with wax crayon or pencil.
4. Staple items, such as beans, that have been placed in galvanized cans for storage can be counted with reasonable accuracy if you use paint to mark the inside of the can into 25-pound sections.
5. Take the inventory prior to the opening of school and on the last working day of each month.
6. Organize the day's work to allow time to take the inventory. Two people working together as a team can complete the count quickly and accurately.
7. Count the items after all supplies for that day have been removed from the stock.
8. Complete the count that day. The value can be calculated later by the person designated to complete the inventory record.

B. Completion of the inventory records

1. For ease in using the Monthly Inventory Record, it is suggested that it be placed in a three-ring binder.
2. Separate sections are provided for surplus commodities, purchased food, and nonfood items. These items must be entered in the appropriate sections of the Monthly Inventory Record.
3. Locate in Column A, "Description of item," the item being recorded. If the item is not already printed in the book, enter it in the appropriate section.
4. Record the size of the can or package in Column B, "Unit size." Use the smallest unit available.
5. Record the cost of the smallest unit (can, package, or pound) in Column C, "Unit cost." For USDA surplus commodities, enter the *fair market value*, not the cost of shipping and handling.
6. For USDA surplus commodities only, enter in Column D, "Received, number/date," the number of units of each item received and the date on which the items were received. *NOTE:* Column D appears only in the section for surplus commodities.
7. In Column E, "Quantity on hand," record the number of units of each item that is on the shelves or in refrigeration.
8. In Column F, "Value," record the figure obtained by multiplying the unit cost (Column C) by the quantity on hand (Column E). The use of the current market value is one of the recommended methods for determining the unit cost of any item.
9. At the end of each month, add the figures in Column F, "Value." The total value of each inventory category (surplus commodities, purchased food, and nonfood items) should be transferred to the appropriate columns on the Monthly Inventory Record cover sheet.
10. Each month insert a new half-sheet for each page of the Monthly Inventory Record.
11. Continue the record throughout the school year.

Examples

Month SEPTEMBER

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Fruit, canned and dried		$			$	
Applesauce	#10 can	1	27	39	49	53

Month SEPTEMBER

SURPLUS COMMODITIES

Description of item (A)	Unit size (B)	Unit cost (C)		Received number/date (D)	Quantity on hand (E)	Value (F)	
Vegetables, canned		$				$	
Tomato paste	#10 can	1	04	48\9-15-77	14	14	56

SURPLUS COMMODITIES

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Received number/date (D)	Quantity on hand (E)	Value (F)	
Meat/meat alternate		$				$	
Poultry							
Canned							
Frozen							
Wieners							
Ground beef							
Raw bulk							
Patties							
Precooked patties							
Beef roasts							
Beef							
Canned							
					Total	$	

SURPLUS COMMODITIES

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Received number/date (D)	Quantity on hand (E)	Value (F)	
		$				$	
Pork							
Cheese							
Processed							
Cheddar							
Beans							
Dried							
Canned							
					Total	$	

SURPLUS COMMODITIES

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Received number/date (D)	Quantity on hand (E)	Value (F)	
		$				$	
Lentils							
Peas							
Dried							
Peanut butter							
Fats and oils							
Butter							
Margarine							
Salad oil							
Shortening							
					Total	$	

SURPLUS COMMODITIES

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Received number/date (D)	Quantity on hand (E)	Value (F)	
Vegetables, canned		$				$	
Tomatoes							
Tomatoes, whole							
Tomato puree							
Tomato sauce							
Tomato paste							
					Total	$	

Month _____

SURPLUS COMMODITIES

Description of item (A)	Unit size (B)	Unit cost (C)	Received number/date (D)	Quantity on hand (E)	Value (F)
Vegetables, frozen		$			$
French fries					
Tater rounds					
Peas					
Corn					
Beans, green					
Vegetables, dehydrated					
Potatoes					
Sweet potatoes					
Onions					
				Total	$

SURPLUS COMMODITIES

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)	Received number/date (D)	Quantity on hand (E)	Value (F)
Fruits and vegetables, canned		$			$
Pears					
Halves					
Pieces					
Peaches					
Halves					
Sliced					
Diced					
Applesauce					
Apples					
Cranberry sauce					
Pineapple					
Apricots					
Grapefruit sections					
Plums					
Prunes					
Canned					
Dried					
Mixed fruit					
Fruit cocktail					
Raisins					
				Total	$

Month _____

SURPLUS COMMODITIES

Description of item (A)	Unit size (B)	Unit cost (C)	Received number/date (D)	Quantity on hand (E)	Value (F)
Fruit juices		$			$
Orange juice					
Orange juice bars					
Grapefruit juice					
Lemon juice					
				Total	$

Month _____

SURPLUS COMMODITIES

Description of item (A)	Unit size (B)	Unit cost (C)	Received number/date (D)	Quantity on hand (E)	Value (F)
Other		$			$
Peanut granules					
Peanuts					
Roasted					
Spaghetti					
Rice					
Cornmeal					
Oatmeal					
Bulgar					
Flour					
All purpose					
Rolled wheat					
Nonfat dry milk					
				Total	$

PURCHASED FOOD

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Meat/meat alternate		$			$	
Poultry						
Canned						
Frozen						
Wieners						
Corn dogs						
Ground beef						
Frozen bulk						
Frozen patties						
Frozen precooked patties						
Beef						
Canned						
				Total	$	

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
		$			$	
Fish						
Canned						
Frozen						
Sticks						
Fillets						
Cheese						
Processed						
Cheddar						
Parmesan						
Cottage						
Mozzarella						
				Total	$	

Month_____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
		$			$	
Peanut butter						
Beans						
Dried						
Canned						
Peas						
Dried						
Eggs						
				Total	$	

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Fats and oils		$			$	
Butter						
Margarine						
Salad oil						
Solid shortening						
Frying oil						
Salad dressings						

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Vegetables, canned		$			$	
Beans, green						
Beets						
Carrots						
Corn						
Peas						
Pumpkin						
Spinach						
Mixed vegetables						
Tomatoes						
Tomato paste						
Tomato puree						
Tomato sauce						
Tomato juice						
				Total	$	

PURCHASED FOOD

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Vegetables, frozen		$			$	
Beans, green						
Corn						
Peas						
Mixed vegetables						

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Fruit, canned and dried		$		$
Apricots				
Apples, slices				
Applesauce				
Cranberry sauce				
Cherries				
Grapefruit sections				
Mixed fruit				
Fruit cocktail				
Peaches				
Pears				
Plums				
Orange juice				
Pineapple				
Prunes				
Raisins				
			Total	$

PURCHASED FOOD

Month_____

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Cereal products		$		$
Flour				
All purpose enriched				
Whole wheat				
Cake				
Bread				
Cornmeal				
Cornstarch				
Oatmeal				
Rice				
Macaroni				
Spaghetti				
Noodles				
			Total	$

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Mixes		$		$
Pudding				
Cake				
Bread				
Cookie				

PURCHASED FOOD

Month_____

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Spices and seasonings		$		$
Pepper				
Salt, iodized				
Baking soda				
Baking powder				
Dry yeast				
Coffee				
Tea				
Cocoa				
			Total	$

PURCHASED FOOD

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Sugar		$		$
Granulated				
Brown				
Powdered				
Molasses				
Honey				
Corn syrup				
Extracts				
Chocolate				
			Total	$

Month _____

PURCHASED FOOD

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Condiments and sauces		$		$
Catsup				
Mustard				

NONFOOD ITEMS

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)		Quantity on hand (E)	Value (F)	
Paper supplies		$			$	
				Total	$	

NONFOOD ITEMS

Month _____

Description of item (A)	Unit size (B)	Unit cost (C)	Quantity on hand (E)	Value (F)
Cleaning supplies		$		$

SAMPLE OF PAGE FROM QUARTERLY INVENTORY

DONATED COMMODITIES DESCRIPTION OF ITEM	UNIT SIZE	UNIT COST	PRICE CHG.	MONTH AUGUST Quantity On Hand	AUGUST Value		PRICE CHG.	MONTH SEPTEMBER Quantity On Hand	SEPTEMBER Value		PRICE CHG.	MONTH OCTOBER Quantity On Hand	OCTOBER Value	
Cornmeal - 10/5#														
Flour, All Purpose - 5/10#														
Flour, All Purpose - 50#														
Flour, Whole Wheat - 5/10#														
Flour, Whole Wheat - 50#														
Flour, bread - 50#														
Flour, Bread Mix - 25#/4.50	lb.													
Flour, All Purpose Mix - 25#/5.75														
Rice - 25#														
Rolled Wheat - 50#														
Bulgur - 24/2#														
Oats, Rolled - 50#														
Dried Peas - 25#														
Dried Peas - 50#														
Lentils														
Beans, Kidney														
Beans, Lima														
Beans, Navy, Small White														
Beans, Pink														
Beans, Pinto - 25#														
Beans, Red														
Eggs, Dried - 6/#10														

SAMPLE OF PERPETUAL INVENTORY CARD

DATE	INVOICE #	IN	OUT	BALANCE	SCHOOL	DATE	INVOICE #	IN	OUT	BALANCE	SCHOOL
01/20	64376	25		25							
01/21			5	20	Linc.						
01/21			2	18	Wash.						
01/21			3	15	ABC						

Service & Handling 1.50 Fair Market Value 10.60

APPLESAUCE 6 #10 CODE # 500

PERPETUAL INVENTORY CARD

Office of Surplus Property

Transfer of U.S.D.A. Commodities

Food Item	Amount	Unit	Condition (sender)	Condition (receiver)
Peanut Granules	10 cases	6 #10	Good	Good
Cranberry Sauce	5 cases	6 #10	Good	Good
All-Purpose Flour	5 bales	5/10#	Good	Good
Nonfat Dry Milk	5 sacks	50#	Good	Good

Donor Agency: Lincoln Union Sch. Dist.	Donee Agency: Washington Unif. Sch. Dist.
Signature:	Signature:
Title: Director of Food Services	Title: Director of Food Services
Date: January 20, 1980	Date: January 20, 1980

Complete and return within two weeks.

INSTRUCTIONS

1. Initiate transfer by calling Division. Forms (three copies) will be sent to the Donor Agency.

   Northern Telephone Number - (916) 445-9351

   Southern Telephone Number - (714) 992-0900

2. At the time of transfer, the Donor Agency (sender) completes the form, certifying the wholesomeness of the food, and sends the form with the food to the Donee Agency (receiver). Retain a copy.

3. The Donee, upon receipt of the commodities, signs the form, indicating the condition of the food and sends completed forms to the appropriate Division. Retain a copy.

4. Division will send copy of transfer to the Office of Surplus Property.

I-1412-1

Office of Surplus Property
California State Department of Education
Form OSP/C-F-CCA (2/82)

Attachment A

OSP AGREEMENT #_____

LOCAL AGENCY COMMODITY PROCESSING AGREEMENT

AUTHORITY: U.S. DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE, TITLE VII, CHAPTER II, PART 250

Agreement made this _____ day of _____, 19_____ between

_____ (Agency) and _____ (Contractor)

for the production of _____

at _____ (Address of contractor's plant) _____ USDA plant #

If end products will be delivered through a distributor check here ☐ and attach a completed distributor addendum.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. This agreement shall become effective on _____, 19_____, subject to approval of the Office of Surplus Property and shall terminate on _____, 19____, or upon _____ day's written notice by either party to the other, whichever is earlier.

2. Contractor agrees to produce consumable food products as described on the attached Price & Yield Schedule using, among other necessary ingredients, the following USDA donated foods: _____
_____
_____.

Agency and contractor jointly agree to the terms and conditions of this agreement as they are presented on the succeeding pages.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed by the proper agents thereunder duly authorized.

_____
Name of recipient agency

_____
Address

_____
Print or type name of authorized representative

_____
Signature of authorized representative

_____
Title

_____ _____
Date Telephone number

_____
Name of contractor

_____
Address

_____
Print or type name of company officer

_____
Signature of company officer

_____
Title

_____ _____
Date Telephone number

Distribution of copies after approval by OSP:

OSP	2 copies
USDA, WRO	1 copy
Agency	1 copy
Contractor	1 copy

APPROVED: OFFICE OF SURPLUS PROPERTY

Signature of Authorized Representative

Date

TERMS AND CONDITIONS

GENERAL PROVISIONS

1. The sheet marked "Fair Employment Practices Addendum" is attached hereto and by this reference incorporated herein.

2. Contractor shall comply with all applicable federal, state, and local laws and regulations pertaining to wages, hours, and conditions of employment.

3. This agreement is not assignable by contractor either in whole or in part without the prior written consent of the agency and the Office of Surplus Property.

4. The contractor agrees to indemnify, defend and save harmless, the agency, its officers, agents and employees from any and all claims and losses accruing or resulting from personal injury, wealth or property damage sustained, or alleged to have been sustained in whole or in part by any or all persons whatsoever as a result of or arising out of any act or omission of the contractor, its agents or employees, or caused or resulting from any deleterious substance in any of the products produced from donated foods.

5. Approval of the Processing Agreement does not obligate the Office of Surplus Property, the U.S. Department of Agriculture or the local agency to provide donated foods for processing.

6. Processor may be required to furnish to, and made payable to, the agency a performance supply and surety bond; or an irrevocable letter of credit; or an escrow account; or any other such instrument of assurance in an amount acceptable to the agency. The minimum amount of such instrument should be no less than the value of the maximum amount of donated food which may be in processor's possession at any one time during the agreement period. To avoid out-of-state collection, such instruments should be through or with local banks or insurance companies licensed to do business in the state represented by OSP.

7. This agreement and attachments shall not be modified, amended, altered, or changed in any manner by either party without written authorization from the other and written approval of OSP.

COMMODITY UTILIZATION, ACCOUNTABILITY AND INVENTORY CONTROL

8. The school will furnish the Office of Surplus Property documents, in any form, showing the quantity of any commodity turned over to the processor at time of shipment.

9. The school shall take steps to assure that commodities are furnished to contractor only in such amounts that can be used within each offering period.

10. The school shall accept the responsibility for reaching a zero commodity inventory balance at the end of the agreement period. In the event of an agreement extension, the amount of carry-over inventory must be approved by the Office of Surplus Property prior to the approval of the extension by OSP.

11. The school shall notify the Office of Surplus Property if this agreement is terminated and request from the processor the return of any unused commodities. The school shall notify the Office of Surplus Property when all such commodities have been returned.

12. Contractor shall keep records with respect to the receipt, disposal and inventory of such foods, as well as formulae, recipes, loadout sheets, bills of lading, and other production and shipping records to substantiate the use of such foods and their subsequent redelivery (in whatever form) to the agency. The contractor shall also submit monthly reports of performance to the agency and the Office of Surplus Property. Each report shall include the following:

    a. Beginning donated food inventory.

    b. Quantity of donated food received.

    c. Quantity used for processing.

    d. Quantity and type of end products produced.

    e. Quantity and type of end products delivered to the agency.

    f. Quantities of donated food in inventory.

    Contractor agrees to submit an activity report each month regardless of whether or not there is processing activity during the month. Said report shall be consistent with, and the contractor shall otherwise fully account for, the quantities of commodities delivered into its possession and the production of an appropriate number of units of end products or packages therefrom, as stated in the Price & Yield Schedule attached hereto and incorporated herein.

    Said report shall be submitted by the 15th day of the month following the month being reported.

13. Contractor shall fully account for the commodities delivered into its possession by production and delivery to the local agency of an appropriate number of units of end products or packages as stated in the Price & Yield Schedule. The contractor shall, to the extent practicable, store all donated food commodities separately from his own commodities and not co-mingle them.

14. Contractor shall return all commodities not accounted for or pay a claim for the value of any such commodities which cannot be returned. Value will be based on USDA's most recent cost information on acquiring and delivering replacement food at the time of the inability to return. Contractor shall not make payment for any such commodities without receiving a claim from a school which has the prior approval of the Office of Surplus Property. The school shall not accept payment for unreturned commodities prior to receiving OSP approval of their claim against the contractor. Any such funds paid to a school after OSP approval is obtained, must be used to purchase like item replacement for the unreturned commodities. OSP may require proof of replacement purchases.

15. The contractor may dispose of by sale any empty containers in which commodities are received and shall apply as a credit against the cost of this contract any funds received from the sale of such containers. Before any such sale, the contractor shall obliterate or remove all restrictive markings on the containers, if the containers are sold for commercial reuse.

16. Contractor shall apply as a credit against contract costs the market value of the price received from the sale of any by-products derived from the processing of commodities, including substituted foods which are used by the contractor.

17. If end products to be manufactured under this agreement are to be sold through a distributor, the processor will remain fully accountable and responsible for the donated food until refunds or any other credits equal to the value of the donated food have been made to the recipient agency in accordance with the Price & Yield Schedule.

18. Whenever the OSP arranges for the direct shipment of commodities to a processor based upon aggregated orders for end products from local agencies, such commodities shall be accounted for in an OSP Master Inventory Account separate and apart from any local agency inventory account. Processor Accountability for OSP Master Inventory Accounts will be directed to the OSP. Accountability requirements will be outlined in an agreement between the OSP and the processor. Processor will furnish monthly Processing Activity Reports to the OSP by the 15th of the month following the month being reported. Such reports will be in a form and manner as prescribed by the OSP. Any claim for Settlement of Commodity Losses in the OSP Master Account will be between the OSP and the processor. Transfer of commodities to local agencies from the OSP Master Account shall be deemed to occur at the time of receipt of end products containing such commodities.

RECORDS REQUIRED

19. The contractor shall retain copies of books and records for a period of three (3) years from the close of the federal fiscal year to which they pertain and shall make them available for inspection by either state or federal representatives at any time, without prior notice, during normal office hours.

20. In instances when the contract value of donated food (Column 11 on the Price & Yield Schedule) is approved at a lower value than the USDA value of such food, the processor will be required to maintain, and furnish to the Office of Surplus Property upon demand, records to substantiate recent purchases (within three months prior to approval of the agreement) by the processor at the lower value of food that meets or exceeds the donated food specification.

USDA INSPECTION/ACCEPTANCE SERVICE REQUIREMENTS

21. Continuous Wholesomeness Inspection - When donated meat or poultry products are processed or when commercial meat or poultry products are incorporated into an end product containing one or more donated foods, all processing shall be performed in plants under continuous federal Food Safety Inspection Service (FSIS) personnel, or state meat and poultry inspection personnel in those states certified to have programs at least equal to the federal inspection program of FSIS. Processor shall furnish the agency and the OSP the USDA number of said plant or plants.

22. Whenever the USDA value of donated meat or poultry items to be processed under this agreement at any one time is $10,000 or more, the processor will insure that processing is performed under Food Safety and Quality Service (FSQS) acceptance service grading. The acceptance service shall certify that end products provided under this agreement are manufactured utilizing USDA meat or poultry as specified in Column 4 of the Price & Yield Schedule(s) and that no substitution of non-USDA meat or poultry takes place. Acceptance Service shall provide acceptance certificates to accompany each shipment of end products.

Under no circumstances shall the processor set up processing runs for the purpose of circumventing this requirement.

The cost of this service shall be borne by the processor.

At the option of the OSP, other non-substitutable donated foods and substitutable donated foods may be required to be processed under the applicable federal acceptance service grading including the certification that commercial ingredients authorized to be substituted for donated foods are equal or superior to the donated food specification.

SUBSTITUTION OF COMMERCIAL FOODS FOR COMMODITIES

23. Contractor may substitute for the commodities hereinafter identified a like quantity of the same foods of equal or better quality whenever depleted inventories of commodities would otherwise delay production. Only butter, flour, rice, rolled oats, rolled wheat, nonfat dry milk, shortening, cornmeal, dried peas, lentils, dried beans, cheese, orange juice, peanut butter, raisins, and such other foods as Food and Nutrition Service specifically approves may be substituted.

When such substitution occurs, processor may utilize the donated food in the manufacture of end product sold commercially, but shall not otherwise sell or dispose of the donated food in the form it was received in commercial channels.

Donated foods other than those listed above are nonsubstitutable and shall not be interchanged, co-mingled, or substituted with a similar commercial ingredient that could be used in place of donated food in the product formulation. Processor shall store these donated foods apart from all commercial ingredients and process them apart from regular commercial production to ensure all the donated food is returned in the specified end product to recipient agencies eligible to receive such donated food.

24. Processor will insure that end products containing nonsubstitutable donated foods are delivered to eligible recipients only.

25. Processor will insure that all components of commercial foods substituted for substitutable donated foods will be of domestic origin and be identical or superior in every particular of the donated food specification as evidenced by certification performed by, or acceptable to, the applicable federal acceptance service.

END PRODUCT PRICE AND YIELD DATA

26. Contractor shall describe (Price & Yield Schedule attached hereto and incorporated herein) each end product to be produced and the quantity of each ingredient which is needed to yield a specific number of each product except contractor may specify the total quantities of any flavorings or seasonings which may be used without identifying the ingredients which are or may be components of seasonings or flavorings.

Contractor agrees that commodity production yields stated in the Price and Yield Schedule are considered to be minimum yields, and assumed an obligation and a liability to meet the stated production yields.

Contractor agrees that production yields in excess of these stated minimum yields will be for the benefit of the local agency and will be returned to the local agency either in the form of unused raw commodities or as additional units of finished end products. Such additional end products will be provided to the local agency at a cost per unit no greater than that charged for the original production. Actual production records must be available to verify production yields.

27. The charge per unit, as stated in the attached Price & Yield Schedule, represents a charge for additional ingredients and services supplied by the contractor and includes such additional ingredients as specified in this contract and exhibits thereto and also may include the cost of freight, handling, use of automatic high-speed equipment, overhead and packaging materials. No other costs or charges shall be allowed except as provided in this contract and exhibits.

In the event processor requests an end product pricing change during the period of this agreement, DA may require re-establishment of the per-pound value of the donated food at that time. The per-pound value of the donated food inventory on hand at the processor's plant upon the expiration of this agreement shall be re-established at the initiation of subsequent agreement renewal or for closing of the inventory account if the agreement is not renewed.

28. Agency agrees to pay on the basis outlined in the Price & Yield Schedule attached hereto and incorporated herein.

END PRODUCT LABELING

29. The processor shall label the packages of the end products produced to comply with all federal, state and local laws and in addition shall:

a. Include on the label the name and address of the processor.

b. The exterior shipping container, and where practical the individual wrappings or containers within the exterior container, of end products containing non-substitutable donated foods as defined in Article 23, shall have clearly shown on the label the legend "Contains Commodities Donated by The United States Department of Agriculture. This Product Shall be Sold Only to Eligible Recipient Agencies."

c. Processor shall obtain approval through procedures established by the Food and Nutrition Service, Food and Safety Inspection Service, National Marine Fisheries Service of the U. S. Department of Commerce, or other applicable federal agency of all labels which make any claim with regard to an end product's contribution toward meal requirements of any child nutrition program.

ADDATIVES

30. If textured vegetable protein (TVP) is required, it shall conform to USDA specifications FNS-219, dated 2-22-71. Where concentrates or isolates are proposed in lieu of or in addition to TVP, the product must be identified, noting the meat/water/concentrate or isolate ratio. All additives used shall conform to the requirements of the Pure Food and Drug Act.

SANITATION

31. All donated food and ingredients to be added to the donated food shall be handled and processed in a sanitary and safe manner to ensure a wholesome end product is delivered to recipient agencies.

a. All donated foods picked up by processor from recipient agencies for processing and end product for delivery shall be transported in a clean and sanitary vehicle at a temperature recommended for the specific food item. Donated foods and end products that are to be kept frozen shall be loaded on the delivery vehicle at a product temperature not to exceed 0° Fahrenheit and transported in such a manner that the food shall arrive at destination with a product temperature not to exceed 0° Fahrenheit. Processor shall store all donated foods in-plant in a clean and sanitary manner at the recommended storage temperature for the food until processed. Frozen donated foods shall be stored in such a manner as to maintain a product temperature not to exceed 0° Fahrenheit.

b. All end product produced under this agreement shall be processed according to the health and sanitation standards for plant facilities and food processing established by the locality or state in which processor's plant(s) is located or by the applicable federal standards, whichever are higher.

c. At the option of agency, sample(s) may be pulled from delivered end product and an independent laboratory employed to perform and certify testing of the end product for quality including bacteriological testing, and actual product specification for comparison to specifications established by this agreement. Costs of such test shall be borne by processor only if product sample(s) tested fail to meet either agreement specifications or quality and wholesomeness standards.

FAILURE TO MEET CONTRACT REQUIREMENTS AND/OR PRODUCT SPECIFICATIONS

32. If agency discovers on or after delivery that all or any part of the commodity (including packages and containers) did not meet contract requirements and specifications at time of delivery, agency shall have the right to:

a. Accept or retain the entire quantity and hold contractor for the damages sustained, as determined by agency; or

b. Reject the entire quantity or to reject a portion thereof and accept or retain the remainder. Agency may in its discretion terminate the contract with respect to the quantity rejected or permit contractor to replace all or part of the quantity rejected with the quantity of the commodity that does conform to all contractor requirements and specifications and, in either circumstance, hold contractor for damages sustained as determined by agency. To "reject" means to refuse to accept on delivery or after delivery and acceptance, to notify contractor of revocation of the acceptance, in whole or in part. In either event, contractor shall be held liable for all damages sustained, as determined by agency. Agency shall immediately notify the Office of Surplus Property of action taken and reasons therefore.

AGREEMENT TERMINATION/RENEWAL

33. At the discretion of the OSP, this agreement may be renewed for up to one additional year from the above termination date by sending to the Office of Surplus Property for approval a letter signed by both parties expressing their intention to do so, and stating that the terms and conditions of the extended agreement will remain the same as the original agreement. This letter of request must be submitted to the Office of Surplus Property prior to the above termination date in order to keep the agreement in force.

34. Agency may terminate this agreement and be relieved of the payment of any consideration to contractor should contractor fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination, the agency may proceed with the work in any manner deemed proper by the agency. The cost to the agency shall be deducted from any sum due the contractor under this agreement and the balance, if any, shall be paid the contractor upon demand.

35. Noncompliance with the terms and conditions of the agreement by either the contracting agency or the processor will result in the immediate termination of the agreement.

36. This agreement may be terminated by either party upon 30 days written notice to the other and to OSP. In the event of termination of the agreement, processor agrees to adhere to instructions of the Office of Surplus Property relating to disposition of donated foods and end products in the processor's inventory. Disposition of donated food in processor's inventory or payment of value thereof shall be based on the following:

a. When this agreement is terminated at the request of the processor, or by the agency due to processor's noncompliance with the terms and conditions, the processor shall at the option of the agency:

(1) When feasible, and with the concurrence of OSP, transfer all donated food inventory of agency to other eligible agencies with which processor holds approved processing agreements.

(2) Return all donated food inventory to agency, or replace with a like quantity of the same food of equal or better quality, to a destination designated by the agency at processor's expense.

(3) With OSP concurrence, pay the agency, or the OSP, an amount equal to USDA's most recent cost information on acquiring and delivering replacement food at the time of termination for those donated foods which cannot be returned.

b. When this agreement is terminated at the request of agency where there has been no fault or negligence on the part of processor, the processor shall, with concurrence of agency and OSP:

(1) When feasible, and with the concurrence of OSP, transfer all donated food inventory of agency to other eligible agencies with which processor holds approved processing agreements.

(2) Return all donated food inventory to agency, or replace with a like quantity of the same food of equal or better quality, to a destination designated by the agency at agency's expense.

(3) With OSP concurrence, pay the agency, or the OSP, an amount equal to USDA's most recent cost information on acquiring and delivering replacement food at the time of termination for those donated foods which cannot be returned.

c. Termination of this agreement shall have no affect on, nor require any settlement of, commodities in an OSP Master Inventory Account. Accountability for commodities in an OSP Master Inventory Account will be accomplished in accordance with the conditions of an agreement between the OSP and the processor, and with Article 18 of this agreement.

Office of Surplus Property
California State Department of Education
Form OSP/C-F-005 (3/82)

FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.

2. The Contractor will permit access to his/her records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practices Commission, or any other agency of the State of California designated by the awarding authority, for the purpose of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

3. Remedies for Willful Violation:

   (a) The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgement having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order, under Labor Code Section 1426, which has become final, or obtained an injunction under Labor Code Section 1429.

   (b) For willful violation of this Fair Employment Practices provision, the State shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by the State in securing the goods or services hereunder shall be borne and paid for by the Contractor and by his/her surety under the performance bond, if any, and the State may deduct from any moneys due or that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the State.

**See Labor Code Sections 1411 - 1432.5 for further details.*

DONATED FOOD PROCESSING AGREEMENT

PRICE AND YIELD SCHEDULE

(Instructions on Reverse Side)

END PRODUCT DESCRIPTION			INGREDIENTS – END PRODUCT			YIELD DATA			COST DATA FOB PROCESSOR'S PLANT			
1 End Product Label Name, Type, Code, etc.	2 Net Weight Per Case	3 Size and/or Servings Per Case	Ingredients and Their Percent of End Product Net Weight: 4 Donated Food	Ingredients and Their Percent of End Product Net Weight: *5 Other	6 Lbs. of Donated Food Per Case End Product	7 Percent Yield of Food	8 Lbs. of Donated Food to Produce 1 Case End Product	9 No. of Cases of End Product Per Case Food Donated	*10 Case Price Not Using Food Donated	11 Dollar Allowance Per Lb. Donated Raw State	12 Discount or Refund Per Case End Product	*13 Net Case Price Using Donated Food

I-1413-6

Print or Type

Name of Processor

Name and Title of Processor Representative

Signature

Date

Ingredient formulation, yield and prices cannot be changed without prior approval.

*Only at the discretion of the State D/A, Columns 5, 10, and 13 may not be required.

ADE 45 110 Rev. 5/80

FSDOF-29 (3-79) Reverse

INSTRUCTIONS AND EXPLANATIONS

Using normal round-off procedures, all calculations should be extended to two (2) decimal places or more. More than one product using as many lines as necessary per product may be shown on the form.

COLUMN 1 — List end product name as it appears on the label along with other pertinent information to specifically identify the product to be approved.

COLUMN 2 — Net weight of finished product in one case as stated on the label and guaranteed by law.

COLUMN 3 — Indicate pack size of product within the case; size of portions, and/or number of portions.

COLUMN 4 — List the donated food(s) to be used in the manufacture of the product and the percent each is of case net weight (Col. 2). This refers to finished product, not raw batch.

COLUMN 5 — List ingredients other than donated foods in the product and the percent each is of case net weight (Col. 2). Flavorings and seasonings may be stated as such and shown as a combined total without specifying quantity of each.

COLUMN 6 — The weight of donated food contained in one case of finished product (after shrink and losses) calculated by multiplying Column 2 by Column 4.

COLUMN 7 — 100% minus processing losses as established by actual production records which must be available for verification if requested.

COLUMN 8 — the amount of raw donated food required to produce one case of finished product calculated by dividing Column 6 by Column 7. This resultant figure is the basis upon which inventory is credited to processor for product sales and the value of the discount or refund per case.

COLUMN 9 — **The number of cases of end product produced from 100 lbs. of donated food is calculated by dividing the 100 lbs. of donated food by Column 8.**

COLUMN 10 — The normal wholesale - less - volume discount price of one case of end product (gross price referred to in Article #7 of Agreement). Price should be quoted FOB Processors Plant to remove variable transportation costs which may be shown as a separate cost for selling area.

COLUMN 11 — Value per pound for the donated food.

COLUMN 12 — The discount or refund per case of end product to be passed onto the eligible purchasing agency is calculated by multiplying Column 8 by Column 11.

COLUMN 13 — The net case price is Column 10 minus Column 12 quoted as FOB Processors Plant to remove transportation costs. Quoted sales prices of the product (gross or net) may not exceed those shown on this schedule, but may be quoted lower. However, the discount or refund must be that shown on this schedule.

In summary, a progressive pattern of calculations can be seen in completing the columns:

	Net Weight Per Case	Column 2
x	% Donated Food is of End Product Net Weight	Column 4
=	Lbs. of Donated Food Per Unit End Product Divided by % Yield of Donated Food	Column 6
=	Lbs. of Donated Food to Produce One Case of End Product	Column 8
x	$ Allowance Per Lb. Donated Food in Raw State	Column 11
=	Discount or Refund Per Case	Column 12

In the event more than one donated food is used in the manufacture of the product, indicate specific data applicable to each on a separate line of the form as if that one donated food is the only one available. Then, subtract the total of Column 12 from Column 10 to arrive at net case price if all donated foods are available.

VOLUME I

SECTION 1500

LIST OF COMMODITIES AND COMMODITY FACT SHEETS

(To be supplied later)

VOLUME I

SECTION 1600

SERVICE AND HANDLING CHARGES

(To be supplied later)

VOLUME I

SECTION 1700

PAYMENT OF SERVICE AND HANDLING OVERDUE BILLS

(To be supplied later)

REGULATIONS

EXCERPTS FROM:
Part VIII, Department of Agriculture,
Food and Nutrition Service (USDA)

FOOD DISTRIBUTION PROGRAM: REVISION OF THE REGULATIONS

Tuesday, December 16, 1980

For the most recent changes or copies of the regulations, please contact:

Chief, Commodities Section
Office of Surplus Property
721 Capitol Mall
Sacramento, CA 95814
(916) 445-4943

§ 250.1 General purpose and scope.

(a) *Terms and Conditions.* This part prescribes the terms and conditions under which foods may be obtained by Federal, State, and private agencies for use in any State in schools, child care institutions, nonprofit summer camps for children, charitable institutions, correctional institutions for minors, nutrition programs for the elderly, and the assistance of needy persons.

(b) *Legislation.* The distribution of commodities is authorized for the stated purposes by the following legislation:

(1) Section 416 of the Agricultural Act of 1949, as amended (hereinafter referred to as "section 416"), which reads in part as follows:

In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: * * * (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served. In the case of (3) the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3). The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transportation, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States. * * *

(2) Section 210 of the Agricultural Act of 1956 (hereinafter referred to as "section 210"), which reads in part as follows:

Notwithstanding any other limitation as to the disposal of surplus commodities acquired through price-support operations, the Commodity Credit Corporation is authorized on such terms and under such regulations as the Secretary of Agriculture may deem in the public interest, and upon application, to donate food commodities acquired through price-support operations * * * to State correctional institutions for minors, other than those in which food service is provided for inmates on a fee, contract or concession basis.

(3) Section 32 of Pub. L. 74–320, as amended (hereinafter referred to as "section 32"), which reads in part as follows:

There is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 per centum of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to * * * (2) encourage the domestic consumption of such (agricultural) commodities or products by diverting them * * * from the normal channels of trade and commerce * * *

(4) Pub. L. 75–165, as amended, which supplemented section 32 and reads in part as follows:

In carrying out clause (2) of section 32, the funds appropriated by said section may be used for the purchase * * * of agricultural commodities and products thereof, and such commodities * * * may be donated for relief purposes and for use in nonprofit summer camps for children.

(5) Section 9 of the Act of September 6, 1958 which reads in part as follows:

Notwithstanding any other provision of law those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431); * * *

(6) Section 6 of the National School Lunch Act, as amended (hereinafter referred to as "section 6"), which reads in part as follows:

(a) The funds provided by appropriation or transfer from other accounts for any fiscal year for carrying out the provisions of this Act, and for carrying out the provisions of the Child Nutrition Act of 1966, other than section 3 thereof, less (1) not to exceed 3½ per centum thereof which per centum is hereby made available to the Secretary for his administrative expenses under this Act and under the Child Nutrition Act of 1966; (2) the amount apportioned by him pursuant to sections 4 and 5 of this Act and the amount appropriated pursuant to sections 11 and 13 of this Act and sections 4, 5, and 7 of the Child Nutrition Act of 1966; and (3) not to exceed 1 per centum of the funds provided by carrying out the programs under this Act and the programs under the Child Nutrition Act of 1966, other than section 3 * * * shall be available to the Secretary during such year for direct expenditure by him for agricultural commodities and other foods to be distributed among the States and schools and service institutions participating in the food service programs under this Act and under the Child Nutrition Act of 1966 in accordance with the needs as determined by the local school and service institution authorities. Any school participating in the food service programs under this Act may refuse to accept delivery of not more than 20 percent of the total value of agricultural commodities and other foods tendered to it in any school year; and if a school so refuses, that school may receive, in lieu of the refused commodities, other commodities to the extent that other commodities are available to the State during that year * * * (e) For the fiscal year ending June 30, 1975, and subsequent school years, the national average value of donated foods, or cash payments in lieu thereof, shall not be less than 10 cents per lunch, and the amount shall be adjusted on an annual basis each school year after June 30, 1975, to reflect changes in the Price Index for Food Used in Schools and Institutions. The Index shall be computed using five major food components in the Bureau of Labor Statistics' Producer Price Index (cereal and bakery products, meat, poultry and fish, dairy products, processed fruits and vegetables, and fats and oils). Each component shall be weighed using the same relative weight as determined by the Bureau of Labor Statistics. The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a three-month simple average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May each year. Such adjustment shall be computed to the nearest one-fourth cent. Among those commodities delivered under this section, the Secretary shall give special emphasis to high protein foods, meat, and meat alternates (which may include domestic seafood commodities and their products). Notwithstanding any other provision of this section, not less than 75 per centum of the assistance provided under this subsection (e) shall be in the form of donated foods for the school lunch program.

(7) Section 9(c) of the National School Lunch Act, as amended, which reads in part as follows:

(c) School lunch programs under this Act shall be operated on a nonprofit basis. Each school shall, insofar as practicable, utilize in its lunch program commodities designated from time to time by the Secretary as being in abundance, either nationally or in the school area, or commodities donated by the Secretary. Commodities purchased under the authority of section 32 of the Act of August 24, 1935 (49 Stat. 744), as amended, may be donated by the Secretary to schools, in accordance with the needs as determined by local school authorities, for utilization in the school lunch program under this Act as well as to other schools carrying out nonprofit school lunch programs and institutions authorized to receive such commodities. The Secretary is authorized to prescribe terms and conditions respecting the use of commodities donated under such section 32, under section 416 of the Agricultural Act of 1949, as amended, and under section 709 of the Food and Agriculture Act of 1965, as amended, as will maximize the nutritional and financial contributions of such donated commodities in such schools and institutions. * * *

(8) Section 402 of the Mutual Security Act of 1954, as amended, which reads in part as follows:

* * * surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c).

(9) Pub. L. 86-756, as amended, which reads as follows:

Schools receiving surplus foods pursuant to clause (3) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c) are authorized to use such foods in training students in home economics, including college students if the same facilities and instructors are used for training both high school and college students in home economics courses.

(10) Section 409 of the Disaster Relief Act of 1874, which reads as follows:

(a) Whenever the President determines that, as a result of a major disaster, low-income households are unable to purchase adequate amounts of nutritious food, he is authorized, under such terms and conditions as he may prescribe, to distribute through the Secretary of Agriculture or other appropriate agencies coupon allotments to such households pursuant to the provisions of the Food Stamp Act * * * and to make surplus commodities available pursuant to the provisions of this Act.

(b) The President, through the Secretary of Agriculture or other appropriate agencies, is authorized to continue to make such coupon allotments and surplus commodities available to such households for so long as he determines necessary, taking into consideration such factor s as he deems appropriate, including the consequences of the major disaster on the earning power of the households, to which assistance is made available under this section.

(c) Nothing in this section shall be construed as amending or otherwise changing the provisions of the Food Stamp Act * * * except as they relate to the availability of food stamps in an area affected by a major disaster.

(11) Section 410(b) of the Disaster Relief Act of 1974, which reads as follows:

The Secretary of Agriculture shall utilize funds appropriated under section 32 of the Act of August 24, 1935 (U.S.C. 612c), to purchase food commodities necessary to provide adequate supplies for use in any area of the United States in the event of a major disaster or emergency in such area.

(12) Section 709 of the Food and Agriculture Act of 1965, as amended (hereinafter referred to as section 709), which reads as follows:

The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.

(13) Section 13(h) of the National School Lunch Act, as amended, which reads as follows:

(h) Each service institution shall, insofar as practicable, use in its food service under the program foods designated from time to time by the Secretary as being in abundance. The Secretary is authorized to donate to States, for distribution to service institutions, food available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) or section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1). Donated foods may be distributed only to service institutions that can use commodities efficiently and effectively, as determined by the Secretary.

(14) Section 8 of the Child Nutrition Act of 1966 which reads in part as follows:

* * * Foods available under section 416 of the Agricultural Act of 1949 (63 Stat. 1058), as amended, or purchased under section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, or section 709 of the Food and Agriculture Act of 1965 (79 Stat. 1212), may be donated by the Secretary to schools, in accordance with the needs as determined by local school authorities, for utilization in their feeding programs under this Act.

(15) Section 311 of the Older Americans Act of 1965, as amended, which reads in part as follows:

(a)(1) Agricultural commodities and products purchased by the Secretary of Agriculture under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be donated to a recipient of a grant or contract to be used for providing nutrition services in accordance with provisions of this title.

(2) The Commodity Credit Corporation shall dispose of food commodities under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) by donating them to a recipient of a grant or contract to be used for providing nutrition services in accordance with the provisions of this title.

(3) Dairy products purchased by the Secretary of Agriculture under section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) shall be used to meet the requirements of programs providing nutrition services in accordance with the provisions of this title.

(4) In donating commodities under this subsection, the Secretary of Agriculture shall maintain an annually programmed level of assistance of not less than * * * 25 cents per meal during fiscal year 1977 and fiscal year 1978, and 30 cents per meal during the three succeeding fiscal years. The amount specified in this paragraph shall be adjusted on an annual basis for each fiscal year after June 30, 1975, to reflect changes in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. Such adjustment shall be computed to the nearest one-fourth cent. Among the commodities delivered under this subsection, the Secretary shall give special emphasis to high protein foods, meat, and meat alternates. The Secretary of Agriculture, in consultation with the Commissioner, is authorized to prescribe the terms and conditions respecting the donating of commodities under this subsection.

(b)(1) During each of the fiscal years ending before October 1, 1981, the Secretary of Agriculture shall purchase high protein foods, meat, and meat alternates on the open market, at prices not in excess of market prices, out of funds appropriated under this section, as determined under paragraph (3), for distribution to recipients of grants or contracts to be used for providing nutrition services in accordance with the provisions of this title. High protein foods, meat, and meat alternates purchased by the Secretary of Agriculture under this subsection shall be grown and produced in the United States.

(2) High protein foods, meat, and meat alternates donated under this subsection shall not be considered donated commodities for purposes of meeting the requirement of subsection (a)(4) with respect to the annually programmed level of assistance under subsection (a).

(3) There are authorized to be appropriated such sums as may be necessary in order to carry out the program established under paragraph (1).

(c)(1) Notwithstanding any other provision of law, a State may, for purposes of the programs authorized by this Act, elect to receive cash payments in lieu of donated foods for all or any portion of its project. In any case in which a State makes such an election, the Secretary of Agriculture shall make cash payments to such State in an amount equivalent in value to the donated foods which the State otherwise would have received if such State had retained its commodity distribution.

(2) When such payments are made, the State agency shall promptly and equitably disburse any cash it receives in lieu of commodities to recipients of grants or contracts. Such disbursements shall only be used by such recipients of grants or contracts to purchase United States agricultural commodities and other foods for their nutrition projects.

(3) Nothing in this subsection shall be construed to authorize the Secretary of Agriculture to require any State to elect to receive cash payments under this subsection.

(16) Section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended, (hereinafter referred to as "section 4(a)"), which reads as follows:

Notwithstanding any other provision of law, the Secretary may, during fiscal years 1978, 1979, 1980, and 1981 purchase and distribute sufficient agricultural commodities, with funds appropriated from the general fund of the Treasury to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to distribution to institutions, supplemental feeding programs wherever located, disaster areas, summer camps for children, the United States Trust Territory of the Pacific Islands, and Indians, whenever a tribal organization requests distribution of federally donated foods pursuant to section 4(b) of the Food Stamp Act of 1977. In providing for commodity distribution to Indians, the Secretary shall improve the variety and quantity of commodities supplied to Indians in order to provide them an opportunity to obtain a more nutritious diet.

(17) Section 14 of the National School Lunch Act, as amended (hereinafter referred to as "section 14"), which reads as follows:

(a) Notwithstanding any other provision of law, the Secretary, during the period beginning July 1, 1974, and ending September 30, 1982 shall—(1) use funds available to carry out the provisions of section 32 of the act of August 24, 1935 (7 U.S.C. 612c) which are not expended or needed to carry out such provisions to purchase (without regard to the provisions of existing law governing the expenditure of public funds) agricultural commodities and their products of the types customarily purchased under such section, (which may include domestic seafood commodities and their products) for donation to maintain the annually programmed level of assistance for programs carried on under this Act, the Child Nutrition Act of 1966, and Title III of the Older Americans Act of 1965; and (2) if stocks of the Commodity Credit Corporation are not available, use the funds of such Corporation to purchase agricultural commodities and their products of the types customarily available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), for such donation.

(b) Among the products to be included in the food donations to the school lunch program shall be cereal and shortening and oil products.

(c) The Secretary may use funds appropriated from the general fund of the Treasury to purchase agricultural commodities and their products of the types customarily purchased for donation under section 311(a)(4) of the Older Americans Act of 1965, as amended, (42 U.S.C. 3045f(a)(4)) or for cash payments in lieu of such donations under section 311(c)(1) of such Act (42 U.S.C. 3045f(d)(1)). There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this subsection.

(d) In providing assistance under this Act and the Child Nutrition Act of 1966 for school lunch and breakfast programs, the Secretary shall establish procedures which will—(1) ensure that the views of local school districts and private nonprofit schools with respect to the type of commodity assistance needed in schools are fully and accurately reflected in reports to the Secretary by the State with respect to State commodity preferences and that such views are considered by the Secretary in the purchase and distribution of commodities and by the States in the allocation of such commodities among schools within the States; (2) solicit the views of States with respect to the acceptability of commodities; (3) ensure that the timing of commodity deliveries to States is consistent with State school year calendars and that such deliveries occur with sufficient advance notice; (4) provide for systematic review of the costs and benefits of providing commodities of the kind and quantity that are suitable to the needs of local school districts and private nonprofit schools; (5) make available technical assistance on the use of commodities available under the Act and the Child Nutrition Act of 1966 * * *.

(e) Each State educational agency that receives food assistance payments under this section for any school year shall establish for such year an advisory council, which shall be composed of representatives of schools in the State that participate in the school lunch program. The council shall advise such State agency with respect to the needs of such schools relating to the manner of selection and distribution of commodity assistance for such program.

(18) Section 17(h) of the National School Lunch Act, as amended, which reads as follows:

(h) The Secretary shall donate agricultural commodities produced in the United States for use in institutions participating in the child care food program under this section. The value of such commodities (or cash in lieu of commodities) donated to each State for each school year shall be, at a minimum, the amount obtained by multiplying the number of lunches and suppers served in participating institutions in that State during that school year by the rate for commodities or cash in lieu thereof established for that school year under section 8(e) of this Act. Any State receiving assistance under this section for institutions participating in the child care food program may, upon application to the Secretary, receive cash in lieu of some or all of the commodities to which it would otherwise be entitled under this subsection. In determining whether to request cash in lieu of commodities, the State shall base its decision on the preferences of individual participating institutions within the State, unless this proves impracticable due to the small number of institutions preferring donated commodities.

(19) Section 12(g) of the National School Lunch Act, as amended, which reads as follows:

(g) Whoever embezzles, willfully misapplies, steals, or obtains by fraud any funds, assets, or property that are the subject of a grant or other form of assistance under this Act or the Child Nutrition Act of 1966, whether received directly or indirectly from the United States Department of Agriculture, or whoever receives, conceals, or retains such funds, assets, or property to his use or gain, knowing such funds, assets, or property have been embezzled, willfully misapplied, stolen, or obtained by fraud shall, if such funds, assets, or property are of the value of $100 or more, be fined not more than $10,000 or imprisoned not more than five years, or both, or if such funds, assets, or property are of a value of less than $100, shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

§ 250.2 Administration.

FNS. The Food and Nutrition Service (referred to in this part as FNS) of the U.S. Department of Agriculture shall have responsibility for the program of distribution of food commodities under this part.

§ 250.3 Definitions.

"Charitable institutions" means (1) nonpenal, noneducational public (Federal, State or local) institutions, (2) nonprofit, tax-exempt, private hospitals, or (3) other nonprofit, noneducational, tax-exempt, private institutions organized for charitable or public welfare purposes, including any institution defined as "school," "service institutions," or "nonresidential child care institution" which is not a commodity-only school or does not participate in any Child Nutrition Program, (National School Lunch Program, Special Milk Program, School Breakfast Program, Summer Food

Service Program for Children, Child Care Food Program (Parts 210, 215, 220, 225, and 226, respectively, of this chapter)). For purposes of this paragraph, tax-exempt shall mean exempt from income tax under the Internal Revenue Code, as amended, and a charitable institution shall be considered "noneducational" even though educational courses are given, where such courses are an incident to the primary purpose of the charitable institution.

"Child care center" means any licensed, nonschool, public or private nonprofit organization providing day care services where children are not maintained in permanent residence, including but not limited to, day care centers, settlement houses, recreation centers, Head Start centers, and organizations providing care services for handicapped children.

"Commodities" means foods donated, or available for donation, by the Department under any of the legislation referred to in this part.

"Commodity-only school" means a school which does not participate in the National School Lunch Program but which operates a nonprofit lunch program under agreement with the State education agency or FNSRO in accordance with Part 210 of this chapter.

"Department" means the United States Department of Agriculture or the Commodity Credit Corporation, whichever is donor under the pertinent legislation.

"Disaster organizations" means organizations authorized by appropriate Federal or State officials to assist disaster victims.

"Disaster victims" means persons who, because of Acts of God or manmade disasters, are in need of food assistance, whether or not they are victims of a major disaster or an emergency as defined in this section.

"Distributing agencies" means State, Federal or private agencies which enter into agreements with the Department for the distribution of donated foods to eligible recipient agencies and recipients. A distrubuting agency may also be a recipient agency.

"Donated foods" means foods donated, or available for donation, by the Department under any of the legislation referred to in this part.

"Emergency" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe in any part of the United States which requires Federal emergency assistance to supplement State and local efforts to save lives and protect property, health, and safety or to avert or lessen the threat of a disaster.

"Family and group day care home" means a licensed organized day care program for children in a private home under the auspices of a public or nonprofit private sponsoring organization.

"Fiscal year" means the period of 12 months beginning October 1 of any calendar year and ending September 30 of the following calendar year.

"FNSRO" means the appropriate Food and Nutrition Service Regional Office of the Food and Nutrition Service of the Department of Agriculture.

"Household" means a group of related or non-related individuals, exclusive of boarders, who are not residents of an institution, but who are living as one economic unit, sharing common cooking facilities, and for whom food is customarily purchased in common. It also means a single individual, living alone, who has cooking facilities and prepares food for home consumption.

"Major disaster" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe in any part of the United States which, in the determination of the President, causes damage of sufficient severity and magnitude to warrant major disaster assistance under the Disaster Relief Act of 1974, (42 U.S.C. 5121), above and beyond emergency services by the Federal Government, to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

"Needy persons" means (1) persons serviced by charitable institutions, who, because of their economic status, are in need of food assistance, (2) all the members of a household who are certified as in need of food assistance, and (3) persons who, because of Acts of God or manmade disasters, are in need of food assistance, whether or not they are victims of a major disaster or an emergency as defined in this section.

"Nonprofit lunch program" means a food service maintained by a school for the benefit of children, all of the income from which is used solely for the operation or improvement of the food service.

"Nonprofit summer camps for children" means nonprofit camps which do not participate in the Summer Food Service Program for Children authorized under Section 13 of the National School Lunch Act, as amended, and in which, during the months of May through September, nonprofit feeding services are conducted for children of high school grade and under.

"Nonresidential child care institution" means a child care center, a family and group day care home, and a sponsoring organization.

"Nutrition program for the elderly" means a project conducted by a recipient of a grant or contract under Title III or Title VI of the Older Americans Act of 1965, as amended, to assist in meeting the nutritional and social needs of persons aged sixty or older.

"Recipients" means needy persons and disaster victims receiving commodities for their own use.

"Recipient agencies" means disaster organizations, charitable institutions, nonprofit summer camps for children, school food authorities, schools, service institutions, welfare agencies, nutrition programs for the elderly, and nonresidential child care institutions, receiving foods for their own use or for distribution to eligible recipients.

"School" means (1) an educational unit of high school grade or under operating under public or nonprofit private ownership in a single building or complex of buildings. The term "high school grade or under" includes classes of preprimary grade when they are conducted in a school having classes of primary or higher grade, or when they are recognized as a part of the educational system in the State, regardless of whether such preprimary grade classes are conducted in a school having classes of primary or higher grade; (2) with the exception of residential summer camps which are eligible to participate in the Summer Food Service Program for Children under Part 225 of this chapter and private foster homes, any distinct part of a public or nonprofit private institution or any public or nonprofit private child care institution, which (i) maintains children in residence, (ii) operates principally for the care of children, and (iii) if private, is licensed to provide residential child care services under the appropriate licensing code by the State or a subordinate level of government. The term "child care institution" includes, but is not limited to: homes for the mentally retarded, the emotionally

disturbed, the physically handicapped, and unmarried mothers and their infants; group homes; half-way houses; orphanages; temporary shelters for abused children and for runaway children; long-term care hospitals for chronically ill children; and juvenile detention centers; and (3) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico.

"School food authority" means the governing body which is responsible for the administration of one or more schools and which has the legal authority to operate a nonprofit lunch program therein.

"School year" means the period of 12 months beginning July 1 of any calendar year and ending June 30 of the following calendar year.

"Secretary" means the Secretary of Agriculture.

"Service institutions" means nonresidential public or private nonprofit institutions and public or private nonprofit camps that develop special summer or school vacation programs providing food service similar to that available to children during the school year under the National School Lunch and School Breakfast Programs.

"Sponsoring organization" means any public or private nonprofit organization which is an independent entity responsible for the management of the food program in one or more child care centers or family and group day care homes.

"State" and "United States" means any one of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Marianas.

"State Agency on Aging" means (1) the State agency that has been designated by the Governor and approved by the United States Department of Health and Human Services (DHHS) to administer nutrition programs for the elderly under Title III of the Older Americans Act of 1965, as amended or (2) the Indian Tribal Organization which has been approved by DHHS to administer nutrition programs for the elderly under Title VI of such Act.

"State correctional institutions for minors" means institutions, such as reform schools or training schools, operated by a State, which are devoted solely to the rehabilitation and education of minors and are classified under State law as nonpenal in character, and in which food service is not provided for inmates on a fee, contract, or concession basis.

"State educational agency" means, as the State legislature may determine, (1) the chief State school officer (such as the State Superintendent of Public Instruction, Commissioner of Education, or similar officer) or (2) a board of education controlling the State Deparment of Education.

"Students in home economics" means students in regular classes wherein they are taught food preparation, cooking, and serving.

"Subdistributing agencies" means agencies performing one or more distribution functions for distributing agencies other than, or in addition to, functions normally performed by common carriers or warehousemen. A subdistributing agency also may be a recipient agency.

"Welfare agencies" means public (Federal, State or local) or private agencies offering assistance on a charitable or welfare basis to needy persons who are not residents of an institution, and to Tribal Councils designated by the Bureau of Indian Affairs.

§ 250.4 Availability of donated foods.

(a) *Distribution and use of donated foods.* Commodities shall be available only for distribution and use in accordance with the provisions of this part and, with respect to distribution to households on all or part of an Indian reservation, of Part 283 of this chapter. Donated foods not so distributed or used (for any reason) shall not be sold, exchanged or otherwise disposed of without the approval of the Department. However, donated foods may be transferred between recipient agencies with the authorization of the distributing agency if determined to be in the best interest of the distribution program. In areas where a Food Stamp Program is in effect, there shall be no distribution of donated foods to households under this part except: (1) to authorized Indian reservations; (2) during emergency situations caused by a national or other disaster as determined by the Secretary; and (3) for the purpose of the Commodity Supplemental Food Program.

(b) *Quantities.* (1) The quantity of donated foods to be made available for donation under this part shall be determined in accordance with the pertinent legislation and the program obligations of the Department, and shall be such as can be effectively distributed in furtherance of the objectives of the pertinent legislation.

(2) For each school year, the national average value of donated foods to be made available to States for distribution to schools, or cash payments in lieu thereof, shall not be less than 10 cents for each lunch, adjusted on an annual basis as provided in paragraph (b)(5) of this section. Not less than 75 per centum of the food distribution assistance for schools shall be in the form of donated foods.

(3) For each school year, the national average value of donated foods to be made available to States for distribution to nonresidential child care institutions, or cash payments in lieu thereof, shall not be less than 10 cents for each lunch and supper, adjusted on an annual basis as provided in paragraph (b)(5) of this section.

(4) For the fiscal year ending September 30, 1981, the quantity of donated foods to be made available to any State for distribution to nutrition programs for the elderly shall be valued at not less than 30 cents for each meal which the State Agency on Aging, in accordance with regulations and guidelines authorized by the Commissioner on Aging, United States Department of Health and Human Services, reports as having been served or, where necessary, estimates will be served within the State during the year, adjusted on an annual basis as provided in paragraph (b)(5) of this section: *Provided, however,* That this quantity shall be reduced to the extent that a State elects to receive cash in lieu of donated foods in accordance with § 250.13(f) of this part.

(5) (i) The value of donated foods to be distributed for lunches in schools and for lunches and suppers in nonresidential child care institutions, or, where applicable, the amount of cash payments to be made in lieu of donated foods for such meals, shall be adjusted on an annual basis to reflect changes in the Price Index for Food Used in Schools and Institutions prescribed by section 6(e)(2) of the National School Lunch Act, as amended. (ii) The value of donated foods to be distributed to nutrition programs for the elderly, or, where applicable, the amount of cash payments to be made in lieu of donated foods, shall be adjusted on an annual basis to reflect changes in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. (iii) The adjustments required by (i) and (ii) shall be computed to the nearest one-fourth cent and shall be

made effective as of the beginning of each school year for schools and nonresidential child care institutions and as of the beginning of each fiscal year for nutrition programs for the elderly.

(6) The Department may, at its discretion, and consistent with pertinent legislation, restrict distribution of donated foods to one or more classes of recipient agencies or recipients.

(c) *Minimum donations.* Commodities shall be donated only in such quantities as will protect the lowest carload freight rate, except as deemed in the best interest of the program as determined by the Department.

(d) *Allocations.* As commodities become available for donation, the Food Distribution Division, FNS, shall notify distributing agencies regarding the commodities, the class or classes of recipient agencies or recipients eligible to receive them, and any special terms and conditions of donation and distribution which attach to a particular commodity in addition to the general terms and conditions set forth herein. Every attempt shall be made to deliver commodities in accordance with requested schedules. However, the Department shall not be responsible for delay in delivery or for nondelivery of commodities due to any cause.

(e) *Processing and other costs.* The Department shall pay such processing, reprocessing, transporting, handling and other charges accruing up to the time of transfer of title to distributing agencies as is deemed in the interest of the Department.

(f) *Transfer of title.* Title to donated foods shall pass to distributing agencies upon their acceptance of donated foods at time and place of delivery, limited, however, by the obligation of the distributing agency to use such donated foods for the purposes and upon the terms and conditions set forth in this part.

(g) *Availability for demonstrations and tests.* Notwithstanding any other provision of this part, a quantity of any commodity donated for use by any recipient agency or recipient may be transferred by the distributing agency or by the recipient agency to bona fide experimental or testing agencies, or for use in workshops, for demonstrations or tests relating to the utilization of such commodity by the recipient agency or recipient. No such transfer by any recipient agency shall be made without the approval of the appropriate distributing agency.

(h) *Refusal of donoted foods by school food authorities.* Any school food authority participating in food service programs under the National School Lunch Act, as amended, may refuse, at the time they are offered, donated foods and other foods offered for delivery for lunches in any school year if such foods cannot be used effectively. The school food authority may receive, in lieu of the refused donated foods, other donated foods to the extent other donated foods are available to the State during the school year: *Provided, however,* That not more than 20 percent of the value of the donated foods offered to a school food authority for lunches during the school year shall be subject to replacement with other available donated foods unless replacement based on the refusals of more than 20 percent of such value is feasible and practical.

§ 250.5 Eligible distributing agencies.

(a) *State and Federal agencies.* Such State and Federal agencies as are designated by the Governor of the State, by the State legislature, and approved by the Secretary shall be eligible to become distributing agencies.

(b) *Private agencies.* Where State distributing agencies are not permitted by law to make distribution to private recipient agencies, or to any class of private recipient agency, private agencies which agree to make distribution of donated foods on a State-wide basis and which apply directly to the Food Distribution Division, FNS, and are approved by the Secretary shall be eligible to become distributing agencies.

(c) *Agreements with Department.* Prior to the inauguration of a distribution program, eligible agencies shall enter into written agreements with the Department which shall incorporate by reference or otherwise the terms and conditions set forth in this part. When requested by the Department an eligible agency shall present evidence of its authority to enter into such agreements.

§ 250.6 Obligations of distributing agencies.

(a) *Determination of eligibility.* Distributing agencies shall determine that recipient agencies or recipients to whom they distribute donated foods are eligible under this part, and shall impose upon public welfare agencies the responsibility for determining that recipients to whom welfare agencies distribute commodities are eligible: *Provided, however,* That the State educational agency or FNSRO shall determine the eligibility under this part of schools and of service institutions participating in the Summer Food Service Program for Children under Part 225 of this chapter.

(b) *Agreements.* Distributing agencies shall enter into agreements with subdistributing agencies, recipient agencies, warehousemen, carriers, or other persons to whom donated foods are delivered under their distribution program. Agreements with subdistributing agencies and recipient agencies shall be in writing, except in those instances where subdistributing agencies are acting as agents for the distributing agencies. All agreements shall contain such terms and conditions as the distributing agency deems necessary to insure that (1) the distribution and use of donated foods is in accordance with this part, (2) subdistributing agencies, recipient agencies, warehousemen, carriers, or other persons to whom donated foods are delivered by the distributing agency are responsible to the distributing agency for any improper distribution or use of donated foods, and for any loss of, or damage to, donated foods caused by their fault or negligence, (3) subdistributing agencies and recipient agencies have and preserve a right to assert claims against other persons to whom donated foods are delivered for care, handling or distribution, and (4) subdistributing agencies and recipient agencies will take action to obtain restitution in connection with claims arising in their favor for improper distribution, use or loss of, or damage to, donated foods. To the extent that bills of lading and warehouse receipts satisfy the above-stated criteria, the distributing agency may consider such documents as appropriate agreements.

(c) *Use of subdistributing agencies.* If distributing agencies use subdistributing agencies to distribute donated foods, the distributing agencies' responsibilities to the Department for overall management and control of the distribution program shall not be delegated to such subdistributing agencies.

(d) *Distribution to charitable institutions.* Distributing agencies shall submit for prior approval by FNS a description of the method or methods by which the distributing agencies will determine the number of needy persons in charitable institutions. The methods so approved shall include, but are not limited to, those which identify the persons, or the number thereof, who do not pay the full charge assessed for the services provided to them or who are unable to pay the full cost of providing such services.

(e) *Distribution to schools.* Prior to making distribution to schools, distributing agencies shall notify each school food authority of its right to refuse delivery of not more than 20 percent of the total value of donated foods offered to it by such agencies for use in nonprofit lunch programs in any

school year and to receive other donated foods, if available, in lieu of those refused, in accordance with § 250.4(h). Notification of commodity refusal rights shall be provided by means of a letter or by an addendum to the agreement required by paragraph (b) of this section to each school food authority prior to the beginning of each school year.

(f) *Household distribution.* Distributing agencies, prior to making distribution to welfare agencies or households, shall submit a plan of operation for approval by the appropriate FNS Regional Office. The plan of operation for food distribution to households on all or part of an Indian reservation shall meet the requirements of § 283.5(a) of this chapter. Food distribution to households in the Trust Territory of the Pacific Islands and the Commonwealth of the Northern Marianas shall continue to be subject to the provisions of this paragraph. Such plan shall incorporate the procedures and methods to be used in certifying households as in need of food assistance; in making distribution to households; and in providing a fair hearing to households whose claims for food assistance under the plan are denied or are not acted upon with reasonable promptness, or who are aggrieved by an agency's interpretation of any provision of the plan. Each State distributing agency shall submit its plan of operation and any amendment thereto to the High Commissioner of the Trust Territory or the Governor of the Commonwealth of the Northern Marianas, or their delegate, as appropriate, for comment on its relationship to other plans and programs. The Governor, and the High Commissioner or their delegate, shall be allowed a period of 45 days, prior to submission of the plan or amendment to FNS by the State distributing agency, to make such comments and attach them to the plan or amendment. No amendment to the plan of operation of a distributing agency shall be made without prior approval of FNS, and FNS may require amendment of any plan as a condition of continuing approval. Distributing agencies shall require welfare agencies making distribution to households to conduct distribution programs in accordance with all provisions of the State plan of operation. As a minimum, the plan shall include the following:

(1) The name of the public welfare agency or agencies which will be responsible for certification of households.

(2) The manner in which donated foods will be distributed, including, but not limited to, the identity of the agency that will distribute donated foods, the storage and distribution facilities to be used and the method of financing.

(3) *The specific criteria to be used in certifying households as in need of food assistance.* The income and resource standards established by each distributing agency for use by welfare agencies in determining the eligibility of applicant households, after October 1979, shall continue to be those standards used as of that date which were incorporated in a plan of operation approved by FNS, unless an amendment to such standard is required or approved by FNS.

(4) The method or methods that will be used to verify the information upon which the certification of eligibility is based, including the kinds of documentary evidence that applicants are required to furnish to obtain certification.

(5) Provisions for periodically reviewing the certification of households to discover any change in their status which would necessitate a change in the determination of eligibility. The eligibility of households shall be reviewed at least every three months, except that such reviews may be made at longer periods, not to exceed 12 months, provided that such longer periods are based upon a determination by the certifying agency that the income and resources available to such households will probably remain essentially unchanged during such period.

(6) Provisions for identifying each person who has been designated to receive donated foods for a household.

(7) Assurance that the distribution of donated foods shall not be used as a means to further the political interest of any individual or party, and that there shall be no discrimination in the distribution of donated foods because of race, color, or national origin.

(8) Assurance that (i) citizenship or durational residence requirements shall not be imposed as a condition of eligibility and (ii) recipients shall not be required to make any payments in money, materials or services, for or in connection with the receipt of donated foods, and that they shall not be solicited in connection with the receipt of donated foods for voluntary cash contributions for any purpose.

(9) The manner in which the distributing agency plans to supervise the program.

(10) Definitions of any terms used which cannot be determined by reference to Webster's New International Dictionary (second edition).

(g) *Quantities requested.* Donated foods shall be requested and distributed only in quantities which can be consumed without waste in providing food assistance for persons eligible under this part. Distributing agencies shall impose similar restrictions on recipient agencies.

(h) *Distribution.* Donated foods shall be distributed only to recipient agencies and recipients eligible to receive them under this part (see §§ 250.8 and 250.9). Distributing agencies shall require that welfare agencies and disaster organizations distribute donated foods only to recipients eligible to receive them under this part. Distribution of donated foods to charitable institutions shall be made based on the number of needy persons served by them, as determined by the method of methods approved by FNS in accordance with paragraph (d) of this section. Distribution of donated foods to schools, service institutions, and nonresidential child care institutions shall be made on the basis of the average daily number of meals to be served which meet the meal type requirements prescribed in the regulations for the National School Lunch Program under Part 210 of this chapter, the School Breakfast Program under Part 220 of this chapter, the Summer Food Service Program for Children under Part 225 of this chapter, and the Child Care Food Program under Part 226 of this chapter, respectively, as evidenced by information provided by the administering State agency or FNSRO by September of each year for schools and nonresidential child care institutions and by June of each year for service institutions, and supplemented subsequently as necessary. Distribution of section 6 commodities shall be limited to those schools, service institutions, and nonresidential child care institutions which participate in such child nutrition programs under this chapter.

(i) *Redonations.* Whenever a distributing agency has any donated food on hand which it cannot efficiently utilize, it shall immediately request the appropriate FNSRO for instructions as to the disposition of such donated foods. Distributing agencies requesting authority to make redonation of any donated foods to the Department shall, upon the Department's request, have such donated foods federally-inspected at the distributing agences' expense. Any donated foods which the Department determines are acceptable for redonation shall be moved at the distributing agency's expense to the closest point, within the Food Distribution Division area in which the

State is located, where it can be utilized or to a closer point outside the area, if such a transfer is mutually agreed to by the Department and the distributing agency. In those instances in which the distributing agency satisfactorily demonstrates to the Department that the need for any redonation resulted from no fault or negligence on its part, the Department shall assume transportation costs as it determines to be proper. Whenever a redonation is made at the request of the Department, the Department shall pay all transportation and handling costs in connection with such redonation and shall pay to the distributing agency all storage and handling costs accrued on the donated foods at the time of donation, as determined by the Department.

(j) *Distribution charges.* Recipient agencies may be required to pay part or all of the within-State costs of distribution through a system of charges assessed by distributing or subdistributing agencies. Any system of assessment operated by the distributing agency shall have the prior approval of and be subject to review by the FNSRO. Any such system operated by subdistributing agencies shall have the prior approval of the distributing agency and be subject to review by the distributing agency and the FNSRO. The charges assessed shall be reasonable in relation to the services provided and the funds collected shall be used solely in accordance with the provisions of paragraph (k) of this section. Under no circumstances shall recipients be required to make any payments in money, materials, or services for or in connection with the receipt of donated foods, nor shall they be solicited in connection with the receipt of donated foods for voluntary contributions for any purpose.

(k) *Use of funds accruing in operation of the program.* Funds accruing from the sale of containers, salvage of donated foods, distribution charges, insurance, or recoveries from loss or damage claims (which are authorized under paragraph (m) of this section to be expended for program purposes) shall be used only for the payment of expenses of the food distributing program, including transportation, storage and handling of donated foods, salaries of persons directly connected with the program, and other administrative expenses. The receipt and expenditure of funds so accrued shall be reviewed by distributing agencies periodically, but at least once each fiscal year, to determine that fund balances are not in excess of program needs. If excess funds accumulate by reason of collection of distribution charges, such excess funds shall be used to reduce such charges or shall be returned to contributors. If excess funds accrue from the sale of containers, salvage of donated foods, insurance, or recoveries from loss or damage of claims, such funds shall be (1) used to reduce distribution charges, (2) used to purchase additional foods, or (3) paid to the Department. The distributing agency shall impose upon subdistributing agencies and recipient agencies similar provisions for the use of such funds accruing in the operation of their programs.

(l) *Normal food expenditures.* Donated foods shall not be distributed to any recipient agencies or recipients whose normal food expenditures are reduced because of the receipt of donated foods, except that this provision shall not apply to the distribution of section 6 donated foods.

(m) *Improper distribution or loss of or damage to donated foods.* If a distributing agency improperly distributes or uses any donated foods, or causes loss of or damage to a donated food through its failure to provide proper storage, care, or handling, the distributing agency shall, at the Department's option, (1) replace the donated food in its distribution program in kind, or, in the case of section 6 donated foods, where replacement in kind may not be practicable, with other similar foods, or (2) pay to the Department the value of the donated food as determined by the Department. Upon the happening of any event creating a claim in favor of a distributing agency against a subdistributing agency, recipient agency, warehouseman, carrier, or other person, for the improper distribution, use, or loss of, or damage to, a donated food, the distributing agency shall take action to obtain recovery. All amounts collected by such action shall, at the Department's option, be used in accordance with the provisions of paragraphs (m)(1) or (2) of this section, or, except for amounts collected on claims involving section 6 donated foods, shall be expended for program purposes in accordance with the provisons of paragraph (k) of this section. Determinations by a distributing agency that a claim has or has not arisen in favor of the distributing agency against a subdistributing agency, recipient agency, warehouseman, carrier, or other person, shall, at the option of the Department, be approved by the Department prior to the distributing agency's taking action thereon. Where prior approval has not been given by the Department, a distributing agency's claim determinations shall be subject to review by the Department. In the case of an inventory shortage, when the loss of any one commodity does not exceed 1 percent of the total quantity of the donated food distributed or utilized from any single storage facility during the Federal fiscal year in which the loss occurred, or during the period for which an audit was conducted by representatives of the Department, or, if approved by FNS, during the period for which an audit was conducted by the distributing agency, if the distributing agency finds that (i) the cause of the shortage cannot be established, (ii) the lost donated foods were held in non-commercial storage or other facilities owned or operated by the distributing agency, a subdistributing agency, or a recipient agency, and (iii) there is no indication that the loss was the result of negligence or continued inefficiency in operations, the distributing agency need not take any further claims action, but the factual basis for not taking further claims action shall be subject to review by the Department. Furthermore, distributing agencies shall not be required to file or pursue a claim for a loss which does not exceed an amount established by State law, regulations, or procedure as a minimum amount for which a claim will be made for State losses generally, but no such claim shall be disregarded where there is evidence of violation of Federal or State statutes. Distributing agencies which fail to pursue claims arising in their favor, or fail to provide for the right to assert such claims, or fail to require their subdistributing agencies and recipient agencies to provide for such rights shall be responsible to the Department for replacing the donated foods or paying the value thereof in accordance with the provisions of paragraphs (m)(1) or (2) of this section. Distributing agencies which pursue claims arising in their favor, but fail to obtain full restitution shall not be liable to the Department for any deficiency unless the Department determines that the distributing agency fraudulently or negligently failed to take reasonable action to obtain restitution. The Department may, at its option, require assignment to it of any claim arising from the distribution of donated foods.

(n) *Processing and labeling of commodities.* (1) Distributing agencies, subdistributing agencies, or recipient agencies may employ commercial or institutional facilities to process donated foods by converting them into different end products or by repackaging them. Distributing agencies or subdistributing agencies may contract

for the processing of donated foods and pay the processing cost or may contract for the processing of donated foods on behalf of one or more recipient agencies, each of which either pays the processor directly or pays the distributing agency for the processed end product it receives. Where the recipient agency pays the processor, the agreement of the recipient agency may be obtained by making that agency a party to the processing contract or separate contracts may be entered into between the recipient agency and the distributing or subdistributing agency. Distributing or subdistributing agencies shall require recipient agencies which employ commercial or institutional facilities to process donated foods to enter into written contracts with such facilities.

(2) Contracts with processing facilities shall be in writing. The distributing, subdistributing or recipient agency (contracting agency) should have an attorney prepare or review the contracts which it intends to sign to insure that such contracts conform to the requirements of local law. These processing contracts shall include the cost to the contracting agency and provide, as a minimum, that the processing facility shall (i) describe each end product to be produced and the quantity of each ingredient which is needed to yield a specific number of each end product, except that distributing, subdistributing, or recipient agencies may permit the processor to specify the total quantity of any flavorings or seasonings which may be used without identifying the ingredients which are, or may be components of, seasonings or flavorings, (ii) fully account for the donated foods delivered into its possession by production of any appropriate number of units of end products or packages, (iii) return all donated foods not so accounted for or pay the value of any such donated foods which cannot be returned, (iv) use or dispose of the containers in which the donated foods are received in accordance with the instructions of the distributing, subdistributing, or recipient agency, (v) apply as a credit against contract cost any funds received from the sale of containers of donated foods and obliterate or remove all restrictive markings if the containers are sold for commercial reuse, (vi) apply as a credit against contract costs the market value or the price received from the sale of any byproducts derived from the processing of donated foods, including substituted foods which are used by the processor, and (vii) maintain records and submit reports to the distributing, subdistributing, or recipient agency pertaining to the performance of the contract.

(3) The processing contract may provide that the processor may substitute for the donated foods a like quantity of the same foods of equal or better quality whenever depleted inventories of donated foods would otherwise hold up production. The contract shall specify the donated foods which may be substituted. Only butter, flour, rice, rolled oats, rolled wheat, nonfat dry milk, shortening, cornmeal, dried peas, lentils, dried beans, cheese, orange juice, peanut butter, raisins, and such other foods as FNS specifically approves may be substituted.

(4) Distributing agencies shall review and approve processing contracts entered into by subdistributing agencies and recipient agencies prior to the delivery of donated foods for processing under such contracts. The distributing agency which enters into or approves a processing contract shall provide a copy to each of the parties to the contract, forward a copy to the appropriate FNS Regional Office, and retain a copy for its files. Distributing agencies shall review and analyze reports submitted by processors to insure that performance under such contracts is in accordance with the provisions set forth in this section.

(5) When donated meat or poultry products are processed, all of the processing shall be performed in a plant or plants under continuous Federal meat or poultry inspection, or continuous State meat or poultry inspection in States certified to have programs at least equal to the Federal inspection program.

(6) Distributing agencies may, at their discretion, require subdistributing agencies, recipient agencies, and commercial or institutional facilities which process or repackage donated foods to label the containers of processed or repackaged donated foods in any manner and with whatever legend the distributing agency deems appropriate to comply with the agreement it has entered into with the Department under this part. Any labeling requirement imposed by a distributing agency must be specified in written contracts with processors which distributing agencies are required to review and approve.

(7) If the distributing agency which enters into or approves a contract for the processing of donated foods for use in a child nutrition program does not also administer such programs, it shall (i) collaborate with the State agency which administers the child nutrition programs and have that agency provide technical assistance to determine whether end products to be provided under the terms of the processing contracts meet required nutritional standards for reimbursement under the regulations governing the child nutrition programs (7 CFR Parts 210, 220, 225 and 226), (ii) furnish that agency with reports, as requested, on the number of approved processing contracts, the donated foods utilized, and the identity of the processing companies, and (iii) furnish that agency with such performance reports as are needed by that agency to assist it in evaluating use of end products by the recipient agencies.

(o) *Containers.* When containers in which donated foods are received are disposed of by sale, the proceeds of such sale shall be used solely in accordance with the provisions of paragraph (k) of this section, and subdistributing agencies and recipient agencies shall be required to use proceeds from the sale of containers solely for program purposes.

(p) *Personnel.* Adequate personnel, including supervisory personnel, shall be provided to review distribution programs and to effect distribution in accordance with the requirements of this part.

(q) *Facilities.* Facilities for the handling, storage, and distribution of donated foods shall be such as to properly safeguard against theft, spoilage, and other loss. Subdistributing agencies and recipient agencies shall be required to provide similar facilities.

(r) *Records.* Accurate and complete records shall be maintained with respect to the receipt, disposal and inventory of donated foods, including determinations with respect to liability for any improper distribution or use of, or loss of, or damage to, such foods and the results obtained from the pursuit of claims arising in favor of the distributing agency. Accurate and complete records shall also be maintained with respect to the receipt and disbursement of funds arising from operation of the distribution program. Distributing agencies shall require all subdistributing and recipient agencies to maintain accurate and complete records concerning the receipt, disposal and inventory of donated foods and any funds which may accrue from the operation of the distribution program. Distributing agencies shall maintain accurate and complete records with respect to amounts and value of donated foods refused by school fund authorities in accordance with § 250.4(h) and shall require that school fund authorities also maintain such records of refusals. Any person who contracts with a distributing agency, subdistributing agency or recipient agency to repackage,

process or prepare any donated foods shall be required to keep records, similar to those required of distributing, subdistributing and recipient agencies under this paragraph, with respect to the receipt, disposal and inventory of such foods. In addition, such person shall be required to keep formulae, receipts, loadout sheets, bills of lading, and other processing and shipping records to substantiate the use made of such foods and their subsequent redelivery (in whatever form) to any such agency. All recipient agencies shall be required to keep accurate and complete records showing the data and method used to determine the number of eligibile persons served by that agency. All records required by this section shall be retained for a period of 3 years from the close of the Federal fiscal year to which they pertain.

(s) *Reports.* Distributing agencies shall submit monthly reports to the Food and Nutrition Service Regional Office, FNS, covering the receipt and distribution of donated foods, and such other reports covering distribution operations in such form as may be required from time to time by the Department.

(t) *Right of inspection and audit.* Representatives of the Department may inspect donated foods in storage, or the facilities used in the handling or storage of such donated foods, and may inspect and audit all records, including financial records, and reports pertaining to the distribution of donated foods and may review or audit the procedures and methods used in carrying out the requirements of this part at any reasonable time. Subdistributing agencies, recipient agencies, and persons contracting to repackage, process, or prepare donated foods shall be required to permit similar inspection and audit by the Department.

(u) *Complaints.* Distributing agencies shall investigate promptly complaints received in connection with the distribution or use of donated foods, correct any irregularities disclosed, and promptly report each instance of serious irregularity to the Department. Distributing agencies shall maintain on file evidence of such investigations and actions. The Department reserves the right to make investigations and shall have the final determination as to when a complaint has been properly adjusted.

(v) *Demurrage.* Demurrage or other charges which accrue after a car or truck has been placed for unloading by the delivering carrier, or which accrue because placement of a car or truck is prevented, shall be borne by the distributing agency, except that demurrage or other charges shall be borne by the Department where such charges accrue because of actions by the Department and without the fault or negligence of the distributing agency.

§ 250.7 Disposition of damaged or out-of-condition foods.

Donated foods which are found to be damaged or out-of-condition and are declared unfit for human consumption by Federal, State, or local health officials, or by other inspection services or persons deemed competent by the Department, shall be disposed of in accordance with instructions of the Department. Such instructions may direct that unfit donated foods be (a) sold in a manner prescribed by the Department with the net proceeds thereof remitted to the Department, (b) sold in a manner prescribed by the Department with the proceeds thereof retained for use in accordance with the provisions of § 250.6(k), (c) used in such a manner as will serve a useful purpose as determined by the Department, or (d) destroyed in accordance with applicable sanitation laws and regulations. Dispositions under the provisions of paragraph (b) of this section shall not apply to section 6 donated foods. Upon a finding by the Department that donated foods are unfit for human consumption at the time of delivery to the distributing agency and when the Department or appropriate health officials require that such donated foods be destroyed, the Department may pay to the distributing agency any expenses incurred in connection with such donated foods as determined by the Department. The Department may in any event repossess damaged or out-of-condition donated foods.

§ 250.8 Eligible recipient agencies.

(a) *Schools or school food authorities.* Schools or school food authorities which participate in the national school lunch program under part 210 of this chapter or the school breakfast program under part 220 of this chapter are eligible to receive donated foods under section 416, section 32, section 709, section 6, and section 14. Commodity-only schools or school food authorities responsible for the operation of school lunch programs of at least one or more commodity only schools are eligible to receive donated foods under section 416, section 32, section 709 and section 14. Schools or school food authorities receiving donated foods under this part may use such foods for the purpose of training students in home economics, including college students if the same facilities and instructors are used for training both high school and college students in home economics courses.

(b) *Charitable institutions.* (1) Charitable institutions which maintain an established feeding operation on a regular basis as an integral part of their normal activities are eligible to receive donated foods under sections 4(a), 416, 32, 709. Charitable institutions receiving such donated foods shall not discriminate against any person receiving food because of race, color, or national origin.

(2) Private charitable institutions, other then hospitals, must be established for the purpose of providing continuing services in the same place without marked change and, at the Department's option, approved by a public welfare agency as meeting a definite need in the community by administering to needy persons.

(3) Charitable institutions which desire to receive donated foods under this part may employ food service management companies to conduct their feeding operations, provided that the charitable institutions enter into written contracts with such companies. Contracts between charitable institutions and food service management companies shall expressly provide that:

(i) Any donated foods received by the charitable institutions and made available to the food service management company shall insure only to the benefit of the charitable institution's feeding operation and shall be utilized therein; and

(ii) The books and records of the food service management company pertaining to the feeding operation of the charitable institution shall be available for a period of three years from the close of the Federal fiscal year to which they pertain for inspection and audit by representatives of the distributing agency, of the Department, and of the General Accounting Office at any reasonable time and place.

(c) *Summer camps.* (1) Nonprofit summer camps for children are eligible to receive donated foods under section 416, section 32, section 709 and section 4(a) if the distributing agency determines that the number of adults participating in camp activities as compared with the number of children under 18 years of age so participating is not unreasonable in light of the nature of the camp and the characteristics of the children in attendance. Persons 18 years of age and over including program directors, counselors, and others who engage in recreational, educational, and direct administrative functions are considered as adults participating in the activities of a summer camp. Employees whose presence on camp premises is solely for the purpose of performing duties such as cooking, gardening,

property maintenance, or similar support functions are not considered as adults participating in summer camp's activities. In no event are persons such as nurses, therapists, and attendants who perform professional, supervisory, or custodial services to be considered as adults participating in the activities of a summer camp if they perform services essential to the participation of mentally, emotionally, or physically handicapped children.

(2) Nonprofit summer camps for children which desire to receive donated foods under this part may employ food service companies to conduct their feeding operations provided that such services are contracted for on the same basis as is stated in paragraph (b) of this section.

(d) *State agencies.* State agencies which make distribution to needy persons in households are eligible to receive foods under section 416, section 32, section 709 and section 4(a), provided they serve households certified in accordance with a plan of operation approved by FNS, as required by § 283.5(a) of this chapter or with respect to households in the Trust Territory of the Pacific Islands, as required by § 250.6(e) of this part.

(e) *Disaster organizations.* Disaster organizations are eligible to receive donated foods under section 416, section 32, section 709 and section 4(a) for distribution to disaster victims. Distributing agencies making distribution to such organizations shall immediately inform the appropriate FNSRO thereof. Such organizations shall be eligible for the duration of the disaster, as determined by the Secretary, but they may make distribution of federally donated foods to households in areas where the Food Stamp Program is in operation only so long as the Secretary finds that the commercial channels of food distribution have been disrupted because of any emergency situation caused by a national or other disaster.

(f) *State correctional institutions for minors.* State correctional institutions for minors are eligible to receive commodities under section 210.

(g) *Service institutions.* Service institutions which participate in the Summer Food Service Program for Children under Part 225 of this chapter are eligible to receive commodities under section 416, section 32, section 709, section 6, and section 14.

(h) *Nutrition programs for the elderly.* Nutrition programs for the elderly are eligible to receive donated foods under section 416, section 32, section 709, and section 14. The distributing agency shall allocate foods to nutrition programs for the elderly within a State in accordance with the needs prescribed by the State Agency on Aging pursuant to the current regulations and guidelines of the Commissioner on Aging. If a nutrition program for the elderly employs a food service company to conduct its feeding operation, the provisions of paragraph (b)(3) of this section shall be applicable.

(i) *Nonresidential child care institutions.* Nonresidential child care institutions which participate in the Child Care Food Program under Part 226 of this chapter are eligible to receive donated foods under section 416, section 32, section 709, section 6 and section 14.

§ 250.9 Eligible recipients.

(a) *Needy persons in households.* Needy persons in households are eligible to receive foods donated under section 416, section 32, section 709, and section 4(a), provided the household is certified in accordance with the plan of operation approved by FNS, as required by § 283.5(a) of this chapter or, with respect to households in the Trust Territory of the Pacific Islands and the Northern Marianas, as required by § 250.6(e) of this part.

(b) *Disaster victims.* Disaster victims are eligible to receive commodities under section 416, section 32, section 709, and section 4(a).

§ 250.10 Special feeding programs.

In situations of distress in which needs for food assistance cannot be met under other provisions of this part, any distributing agency may, upon request to and approval by the Secretary, distribute donated foods to any institution, or to any association of persons engaged in charitable activities, for use in conducting special group-feeding programs on a temporary basis for persons in need of such food assistance. The distributing agency, and any such institution or association, shall conduct any distribution under this section in accordance with such instructions as the Secretary may specify, and any such institution or association shall give to the distributing agency an assurance that feeding programs will be conducted in accordance with the instructions.

§ 250.11 [Reserved]

§ 250.12 Operating expense funds for distributing agencies.

(a) *Purpose.* The Department will make payments to distributing agencies to assist them in meeting operating expenses incurred in administering food distribution for needy persons in households. "Distributing agency(ies)" for the purposes of this section shall refer only to the distributing agency for the Trust Territory of the Pacific Islands and the Commonwealth of the Northern Marianas, and payment of administrative funds for food distribution to households on Indian reservations shall be made under the provisions of § 283.9 of this chapter.

(b) *Use of funds.* Distributing agencies shall make every reasonable effort to insure the availability of a food distribution program for needy persons in households residing in the Trust Territory of the Pacific Islands and the Commonwealth of the Northern Marianas and shall assign priority, in the use of any funds received under this section, to accomplish that objective. Any remaining funds shall be used to expand and improve distribution to households. Such funds may be used for any costs which are not disallowed under Federal Management Circular 74–4 (a copy of which may be obtained from FNS) and which are incurred in distributing donated foods to households, including determining eligibility of recipients, except for the purchase cost of land and buildings. In no event shall such funds be used to pay any portion of any expenses if reimbursement or payment therefor is claimed or made available from any other Federal source.

(c) *Apportionment of funds.* The Department shall apportion the funds available for the purpose of this section for any fiscal year among distributing agencies which are responsible for food distribution programs to households. The amount of funds apportioned to each distributing agency shall be such amount as FNS determines is necessary to effectuate the purposes of this section. The apportionment of funds under this paragraph shall not be regarded as conveying to any distributing agency a vested right to any fixed amount of funds.

(d) *Notification of availability.* As soon as practicable after funds for the purpose of this section are made available, written notification of the amount of funds apportioned and the period for which they are available shall be given to the distributing agency for which such funds are available.

(e) *Payments of funds.* Upon receiving notification of the amount of funds available to it, each distributing agency shall advise FNS of the amount estimated to be required for the fiscal year. FNS shall, if it concurs, issue a Letter of Credit to the appropriate Federal Reserve Bank in favor of the distributing agency. The distributing agency shall obtain funds needed through presentation by designated officials of a Payment Voucher on Letter of Credit to a local commercial bank for

transmission to the appropriate Federal Reserve Bank, in accordance with procedures prescribed by FNS and approved by the U.S. Treasury Department. The distributing agency shall draw only such funds as are needed to pay claims certified for payment and shall use such funds without delay to pay the claims.

(f) *Agreements.* Each distributing agency which desires to receive funds under this section shall execute and submit to FNSRO a letter of acceptance agreeing to: (1) expend any funds received solely for the purpose of this section; (2) furnish reports under this part; and (3) amend the existing agreement between the distributing agency and the Department to incorporate contractual provisions required in Government contracts, including the Equal Opportunity clause (section 202 of Executive Order No. 11246 of September 24, 1965) and provisions required by the Contract Work Hours Standards Act (40 U.S.C. 327–330) and the Service Contract Act of 1965 (41 U.S.C. 351–357).

(g) *Records, reports, audits.* Distributing agencies shall (1) maintain, and retain for 3 years from the close of the Federal fiscal year to which they pertain, complete and accurate records of all amounts received and disbursed under this section, (2) keep such accounts and records as may be necessary to enable FNS to determine whether there has been compliance with this section, and (3) permit representatives of the Department and of the General Accounting Office of the United States to inspect, audit, and copy such records and accounts at any reasonable time. Distributing agencies shall submit monthly reports to FNS on Form FNS–60 concerning the obligations, expenditure and status of funds received under this section. In addition, distributing agencies receiving funds under this section shall submit any other reports in such form as may be required from time to time by the Department.

§ 250.13 Miscellaneous provisions.

(a) *Sanctions.* Any distributing agency which has failed to comply with the provisions of this part or any instructions or procedures issued in connection herewith, or any agreements entered into pursuant hereto, may, at the discretion of the Department, be disqualified from further participation in any distribution program. Reinstatement may be made at the option of the Department. Disqualification shall not prevent the Department from taking other action through other available means when considered necessary, including prosecution under applicable Federal statutes.

(b) *Embezzlement, misuse, theft, or obtainment by fraud of commodities and commodity-related funds, assets, or property in child nutrition programs.* Notwithstanding § 250.4(f) of this part concerning transfer of title to commodities, whoever embezzles, willfully misapplies, steals, or obtains by fraud, commodities donated for use in any program authorized under the National School Lunch Act, as amended, or the Child Nutrition Act of 1966, as amended, or any funds, assets, or property deriving from such donations or whoever receives, conceals, or retains such commodities, funds, assets, or property for his own use or gain, knowing such commodities, funds, assets, or property have been embezzled, willfully misapplied, stolen, or obtained by fraud, shall be subject to Federal criminal prosecution under section 12(g) of the National School Lunch Act, as amended. For the purpose of this paragraph "funds, assets, or property" include, but are not limited to, funds accruing from the sources identified in § 250.6(k) of this part, commodities which have been processed into different end products as provided for by § 250.6(n) of this part, and the containers in which commodities have been received from the Department. Distributing agencies shall immediately notify FNSRO of any suspected violation of section 12(g) of the National School Lunch Act to allow the Department, in conjunction with the U.S. Department of Justice, to determine whether Federal criminal prosecution under section 12(g) is warranted. Prosecution of violations under section 12(g) by the Federal Government shall not relieve any distributing agency of its obligations to obtain recovery for improperly distributed or lost commodities, as required by § 250.6(m) of this part.

(c) *Distributing agency requirements.* Distributing agencies may impose additional requirements for participation that are not inconsistent with the provisions of this part, except that this provision shall not apply to participation by households on all or part of an Indian reservation under Part 283 of this chapter.

(d) *Nondiscrimination.* Distributing agencies and recipient agencies are subject to the Department's regulations effectuating Title VI of the Civil Rights Act of 1964 (Part 15 of this title) to the end that no persons in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program receiving Federal financial assistance from the Department.

(e) *Persons sharing common food facilities.* It shall not be deemed a failure to comply with the provisions of this part if recipient agencies serve meals containing donated foods to persons other than those who are eligible under this part, when such persons share common preparation, serving or dining facilities with eligible persons (needy persons, disaster victims, children) and one of the following is true:

(1) Such other persons are common beneficiaries with the eligible persons of the program of the recipient agency, or (2) such other persons are few in number compared to the eligible persons and receive their meals as an incident of their service to the eligible persons. Such other persons include, but are not limited to, teachers, disaster relief workers, and staff members.

Nothing in this paragraph shall be construed as authorizing allocation or issuance of donated foods to recipient agencies in greater quantity than that authorized for the assistance of persons eligible under this part, or as relieving the recipient agency of the responsibility for purchasing a volume of food which is at least adequate to feed all persons who are not eligible under this part.

(f) *Processing contracts.* Processing contracts entered into in accordance with § 250.6(n) of this part are public records and FNS will provide copies of such contracts to any person upon request. FNS also may use copies of such contracts in developing informational releases pertaining to the processing of donated foods by commercial or institutional facilities. FNS Regional Offices shall retain copies of processing contracts submitted by distributing agencies for a period of three years from the close of the Federal fiscal year to which they pertain and may review such contracts for the purpose of advising and counseling distributing agencies with respect to the provisions of such contracts. However, FNS assumes no liability with regard to the provisions of processing contracts or performance related thereto since FNS is not a party to such contracts and the contracts are not subject to FNS' approval.

(g) *Cash in lieu of commodities for nutrition programs for the elderly.*

(1) Any State Agency on Aging may, for the purposes of the programs authorized by titles III and VI of the Older Americans Act of 1965, as amended, elect to receive cash payments in lieu of all or any portion of

the donated foods that would otherwise be received under § 250.4(b)(4) of this part during the Federal fiscal year.

(2) When such an election is made, it shall be binding on the State for that fiscal year, and the Secretary shall make cash payments to such State equivalent in value to the donated foods it otherwise would have received. Advance cash payments to such State shall be made for each Federal fiscal quarter by means of Letters of Credit issued by FNS through the appropriate U.S. Treasury Regional Disbursing Office or, where applicable, by means of U.S. Treasury checks in favor of the State Agency on Aging, based on the best data available to FNS at the time as to the number of meals to be served within the State during that fiscal quarter in nutrition programs for the elderly.

(3) The State Agency on Aging desiring to receive funds under this paragraph shall enter into a written agreement with FNS to: (i) Promptly and equitably disburse any cash it receives in lieu of donated foods to nutrition programs for the elderly after consideration of the needs of such programs and the availability of other resources, including any donated foods available under § 250.4(b)(4) of this part; (ii) establish such procedures as may be necessary to ensure that such disbursements are used by nutrition programs for the elderly solely for the purpose of purchasing U.S. agricultural commodities and other foods for their feeding operations; (iii) maintain and retain for 3 years from the close of the Federal fiscal year to which they pertain complete and accurate records of (A) all amounts received and disbursed under this paragraph and (B) the manner in which consideration was given to the needs and resources as required by paragraph (f)(3)(i) of this section; and (iv) permit representatives of the Department and of the General Accounting Office of the United States to inspect, audit, and copy such records at any reasonable time.

(h) *Cash in lieu of commodities for child nutrition programs.* Where a State has phased out its commodity distribution facilities prior to July 1, 1974, such State may, in accordance with Part 240 of this chapter, elect to receive cash payments in lieu of donated foods for use in programs conducted under the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended.

(i) *Program monitoring.* (1) Distributing agencies shall monitor and review their operations under this part to ensure compliance with the provisions of this part and with any applicable instructions of FNS.

(2) State Agencies on Aging which receive cash payments in lieu of donated foods in accordance with the provisions of paragraph (f) of this section shall monitor use of such cash after disbursement to nutrition programs for the elderly to ensure that the amounts so received are expended solely for the purchase of U.S. agricultural commodities and other foods for such programs.

EXCERPTS FROM:
Department of Agriculture
Food and Nutrition Service (USDA)

CHILD CARE FOOD PROGRAM

For the most recent changes or copies of the regulations, please contact:

Chief, Commodities Section
Office of Surplus Property
721 Capitol Mall
Sacramento, CA 95814
(916) 445-4943

§ 226.5 Donation of commodities.

(a) USDA foods available under section 6 of this Act, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 1431), section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a–1), or other authority, and donated by the Department shall be made available to each State.

(b) The value of such commodities (or cash-in-lieu of commodities) donated to each State for each school year shall be, at a minimum, the amount obtained by multiplying the number of lunches and suppers served in participating institutions, other than sponsoring organizations for day care homes which are not receiving commodities, in that State during that school year by the rate for commodities or cash-in-lieu thereof established for that school year under the provisions of section 6(e) of this Act.

Subpart C—State Agency Provisions

§ 226.6 State plan of child care food program operations.

(a) *Submission.* Not later than May 15 of each year, each State agency shall submit to FNS, for approval a State Plan of Child Care Food Program Operations. The State agency shall give the Governor, or his delegated agency, the opportunity to comment on the relationship of the Plan to other programs operating within the State and the effect on areawide or local jurisdictions. A period of 45 days from the date of receipt of the State Plan by the Governor, or his delegated agency, shall be afforded to make such comments. The signature of the chief State agency officer on the Plan shall be a prerequisite to its approval by FNS. Approval of the State Plan of Child Care Food Program Operations by FNS shall be a prerequisite to the payment of Program funds to the State agency under this part and to the donation by the Department of any commodities under Part 250 of this title for use in institutions under this part.

(b) *Required Components.* A State Plan of Child Care Food Program Operations shall include as a minimum, the following information:

(1) The number of child care centers, outside-school-hours care centers, and day care homes in the State that are licensed, approved, or registered, or that receive funds under Title XX.

(2) The number of participating sponsoring organizations and the number of child care centers, outside-school-hours care centers, and day care homes participating under their jurisdiction, together with the average daily attendance for each type of facility.

(3) The number of participating independent child care centers, and independent outside-school-hours care centers, together with the average daily attendance for each category.

(4) The number of participating child care centers, outside-school-hours care centers, and day care homes granted alternate child care standards approval by the State agency under the provisions of § 226.7(d)(2)–(4).

(5) The detailed outreach plan of the State agency, including as a minimum:

(i) Actions the State agency proposes to take to extend the Program to all eligible child care centers, outside-school-hours care centers, and day care homes (placing priority on reaching centers and homes in needy areas first);

(ii) The number of sponsoring organizations, child care centers, outside-school-hours care centers, and day care homes targeted for outreach; and

(iii) Assistance the State agency proposes to give day care homes in obtaining sponsoring organizations.

(6) The State agency's plan for the conduct of audits, including:

(i) The method which will be employed to ensure that audits of the State agency and institutions take place not less frequently than once every two years;

(ii) If the audits will be conducted by State personnel, a description of the organization of the State agency in sufficient detail to demonstrate the independence of the audit function; and

(iii) The method which will be employed to ensure timely and appropriate resolution of audit findings and recommendations.

(7) The State agency's plan for implementing the alternate child care standards approval provisions of § 226.7(d)(2)–(4).

(8) The detailed action plan the State agency proposes to undertake to provide sufficient training and technical assistance to facilitate expansion and effective operations of the Program.

(9) The State agency's system for monitoring compliance with the provisions of this part at all levels of Program operations, implementing appropriate remedial actions, ensuring that such actions have effectively corrected Program deficiencies, and measuring progress toward achieving Program goals.

(10) The State agency's criteria for determining which institutions are eligible for especially needy equipment assistance and a plan for disseminating the criteria to all institutions in the Sta'

(11) The State agency's procedures relative to the discretionary portions of food service equipment provisions under § 226.25, including:

(i) Procedures the State agency will use to elicit and process applications for assistance;

(ii) Application deadline date;

(iii) Whether the State agency will exercise the option to disburse funds directly to suppliers of food service equipment under the conditions set forth in § 226.25(g); and

(iv) Whether the State agency will establish a reserve fund as provided for in § 226.25(h) and, if so, the percentage of the State agency's food service equipment assistance apportionment which will be placed in reserve.

(12) The title of the review official who will make determinations on institution appeals of State agency actions in accordance with the provisions of § 226.7(j), together with a description of organizational structure sufficiently detailed to demonstrate the review official's independence from all State agency personnel authorized to make decisions that are subject to appeal.

(13) The State agency's budget and expenditures data for the Program for Federal-State administrative expense funds assistance.

(14) The State agency's procedures relative to the discretionary portions of start-up and advance payment provisions under § 226.13(b)–(e), 226.11(a)(b), and 226.8(h), including:

(i) The State agency's procedure for ensuring that no sponsoring organization is approved to receive start-up payments more than once (§ 226.13(b));

(ii) The State agency's procedures for determining the amount of start-up funds expended by the sponsoring organization in accordance with the terms of the start-up agreement, and for recovering start-up payments as appropriate (§ 226.13(e));

(iii) The State agency's procedures for comparing advance payments issued with earned reimbursement, in accordance with § 226.8(h), and the frequency with which such comparisons will be made for all institutions;

(iv) Whether, at the end of the fiscal year, the State agency will demand repayment of unearned advances, or deduct such unearned advances from payments made during the following fiscal year (§ 226.11(b)); and

(v) The State agency's procedure for ensuring that no institution is issued a fourth advance payment until the State agency has received and validated the institution's claim for the third month

prior to the month for which the advance is to be paid (§ 226.11(b)).

§ 226.7 State agency administrative responsibilities.

(a) *State agency personnel.* Each State agency shall provide sufficient consultative, technical and managerial personnel to administer the Program, provide sufficient training and technical assistance to institutions and monitor performance to facilitate expansion and effective operation of the Program.

(b) *Application approval.* Each State agency shall establish an application procedure to determine the eligibility under this part of applicant institutions, and facilities for which applications are submitted by sponsoring organizations. State agencies, by written consent of the State agency and the institutions, shall renew agreements with institutions not less frequently than annually. A State agency may not execute an agreement to be effective during two fiscal years, but may nevertheless establish an ongoing renewal process for the purpose of reviewing and approving applications from participating institutions throughout the fiscal year. As a minimum, such application approval process shall include: (1) renewal of the Program agreement; (2) except for sponsoring organizations of day care homes, submission of current family size and income information on enrolled children; (3) for sponsoring organizations of day care homes, submission of the current total number of children enrolled; (4) issuance of a nondiscrimination policy statement and media release; (5) for sponsoring organizations, submission of a management plan; (6) submission of an administrative budget; (7) submission of documentation that all child care centers, outside-school-hours care centers, and day care homes for which application is made are in compliance with Program licensing/approval provisions; (8) statement of institutional preference to receive commodities or cash in lieu of commodities; (9) except for sponsoring organizations of day care homes, institutional choice to receive reimbursement on the basis of either the tiering method or the alternative method offered by the State agency; (10) institutional choice to receive all, part, or none of advance payment. Any institution applying for participation in the Program shall be notified of approval or disapproval by the State agency in writing within 30 calendar days of filing a complete and correct application. If an institution submits an incomplete application, the State agency shall notify the institution within 15 calendar days of receipt of the application and shall provide technical assistance, if necessary, to the institution for the purpose of completing its application. Any disapproved applicant shall be notified of its right to appeal under paragraph (j) of this section.

(c) *Denial of applications and termination of institutions.* The State agency shall not enter into an agreement with any applicant institution identifiable through its corporate organization, officers, employees, or otherwise, as an institution which participated in any Federal child nutrition program at any time during the previous three fiscal years, including the fiscal year of its application to the Program, and which was seriously deficient in its operation of any such program. The State agency shall terminate the Program agreement with any institution which it determines to be seriously deficient. Following such termination, the institution shall not be eligible to participate in the Program during the remainder of the fiscal year of its termination and the subsequent two fiscal years, unless the State agency, with FNS concurrence, determines that the institution has taken appropriate corrective actions to prevent recurrence of the deficiencies that led to a termination from the Program. However, the State agency shall afford an institution every reasonable opportunity to correct problems before terminating the institution for being seriously deficient. Serious deficiencies, which are grounds for disapproval of applications and for

termination include, but are not limited to, any of the following:

(1) Noncompliance with the applicable bid procedures and contract requirements of federal child nutrition program regulations;

(2) The submission of false information to the State agency;

(3) Failure to return to the State agency any advance payments which exceeded the amount earned for serving eligible meals, or failure to return disallowed start-up payments;

(4) Failure to maintain adequate records;

(5) Failure to adjust meal orders to conform to variations in the number of participating children;

(6) The claiming of Program payments for meals not served to participating children;

(7) Service of a significant number of meals which did not include required quantities of all meal components;

(8) Continued use of food service management companies that are in violation of health codes;

(9) Failure of a sponsoring organization to disburse payments to its facilities in accordance with its management plan;

(10) A history of administrative or financial mismanagement in any Federal child nutrition program.

(d) *Licensing/Approval.* This section prescribes State agency responsibilities to ensure that child care centers, outside-school-hours care centers, and day care homes meet the licensing/approval criteria set forth in this part. Sponsoring organizations shall submit to the State agency documentation that facilities under their jurisdiction are in compliance with licensing/approval requirements. Independent centers shall submit such documentation to the State agency on their own behalf.

(1) *General.* Each State agency shall establish procedures to annually review information submitted by institutions to ensure that all participating child care centers, day care homes, and outside-school-hours care centers either:

(i) are licensed or approved by Federal, State, or local authorities; or

(ii) are complying with applicable procedures to renew licensing or approval in situations where the State agency has no information that licensing or approval will be denied; or

(iii) receive Title XX funds for providing child care, if licensing or approval is not available; or

(iv) demonstrate compliance with applicable State or local child care standards to the State agency, if licensing is not available and Title XX funds are not received; or

(v) demonstrate compliance with CCFP child care standards to the State agency, if licensing or approval is not available and Title XX funds are not received.

(2) *CCFP child care standards.*

(i) When licensing or approval is not available, independent child care centers, and sponsoring organizations on behalf of their child care centers or day care homes, may elect to demonstrate compliance, annually, with the following CCFP child care standards or other standards specified in paragraph (d)(3) of this section:

(A) *Staff/Child Ratios.* (*1*) Day care homes provide care for no more than 12 children at any one time. One home caregiver is responsible for no more than 6 children ages 3 and above, or no more than 5 children ages 0 and above. No more than 2 children under the age of 3 are in the care of 1 caregiver. The home provider's own children who are in care and under the age of 14 are counted in the maximum ratios of caregivers to children.

(*2*) Child care centers and outside-school-hours care centers do not fall below the following staff/child ratios:

(*i*) For children under 6 weeks of age—1:1

(*ii*) For children ages 6 weeks up to 3 years—1:4

(*iii*) For children ages 3 years up to 6 years—1:6

(*iv*) For children ages 6 years up to 10 years—1:15

(*v*) For children ages 10 and above—1:20

(B) *Nondiscrimination.* Day care services are available without discrimination on the basis of race, color, or national origin.

(C) *Safety and Sanitation.* (*1*) A current health/sanitation permit or satisfactory report of an inspection conducted by local authorities within the past 12 months shall be submitted.

(*2*) A current fire/building safety permit or satisfactory report of an inspection conducted by local authorities within the past 12 months shall be submitted.

(*3*) Fire drills are held in accordance with local fire/building safety requirements.

(D) *Suitability of Facilities.* (*1*) Ventilation, temperature, and lighting are adequate for children's safety and comfort.

(*2*) Floors and walls are cleaned and maintained in a condition safe for children.

(*3*) Space and equipment, including rest arrangements for preschool age children, are adequate for the number and age range of participating children.

(E) *Social Services.* Independent centers, and sponsoring organizations in coordination with their facilities, have procedures for referring families of children in care to appropriate local health and social service agencies.

(F) *Health Services.* (*1*) Each child is observed daily for indications of difficulties in social adjustment, illness, neglect, and abuse, and appropriate action is initiated.

(*2*) A procedure is established to ensure prompt notification of the parent or guardian in the event of a child's illness or injury, and to ensure prompt medical treatment in case of emergency.

(*3*) Health records, including records of medical examinations and immunizations, are maintained for each enrolled child. (Not applicable to day care homes.)

(*4*) At least one full-time staff member is currently qualified in first aid, including artificial respiration techniques. (Not applicable to day care homes.)

(*5*) First aid supplies are available.

(*6*) Staff members undergo initial and periodic health assessments.

(G) *Staff Training.* The institution provides for orientation and ongoing training in child care for all caregivers.

(H) *Parental Involvement.* Parents are afforded the opportunity to observe their children in day care.

(I) *Self-Evaluation.* The institution has established a procedure for periodic self-evaluation on the basis of CCFP child care standards.

(ii) When licensing or approval is not available, independent outside-school-hours care centers, and sponsoring organizations on behalf of their outside-school-hours care centers, may elect to demonstrate compliance with child care standards developed by the State agency which shall include, as a minimum, information on: (A) fire/safety, (B) sanitation, (C) organized activities, (D) kitchen and restroom facilities, (E) appropriateness of games and materials, (F) availability of emergency medical care, and (G) child-staff ratios as indicated in § 226.7(d)(2)(i)(A). For items (A) and (B), above, appropriate State or local permits are required.

(3) *Alternate approval procedures.* Each State agency shall establish procedures to review information submitted by institutions for centers or homes for which licensing or approval is not available in order to establish eligibility for the Program. Licensing or approval is not available when (i) no Federal, State, or local licensing/approval standards have been established for child care centers, outside-school-hours care centers, or day care homes; or (ii) no mechanism exists to determine compliance with licensing/approval standards; or (iii) licensing authorities do not make a determination on an application for licensing/approval within a reasonable period of time (as specified in § 226.7(d)(4)). In these situations, independent centers, and sponsoring organizations on behalf of their facilities, may choose to demonstrate compliance with either CCFP child care

standards, applicable State child care standards, or applicable local child care standards. State agencies shall provide information about applicable State child care standards and CCFP child care standards to institutions, but may require institutions electing to demonstrate compliance with applicable local child care standards to identify and submit these standards. The State agency may permit independent centers, and sponsoring organizations on behalf of their facilities, to submit self-certification forms, and may grant approval without first conducting a compliance review at the center or facility. But the State agency shall require submission of health/sanitation and fire/safety permits or certificates for all independent centers and facilities seeking alternate child care standards approval.

(4) *Backlogs.* Independent centers and sponsoring organizations on behalf of their facilities, may submit to the State agency a Program application for a child care center, outside-school-hours care center, or day care home which has applied for licensing and has not yet secured a determination from the licensing authority. Within 15 calendar days of receipt, the State agency shall notify the institution that the Program application is incomplete and provide the institution with information on demonstrating compliance of the center or home with CCFP child care standards and applicable state child care standards. However, the State agency shall not make any determination of eligibility under this section until 90 calendar days have elapsed from the date the State agency received both a Program application and documentation indicating that an application for licensure was submitted to the licensing authority. When a child care center, outside-school-hours care center, or day care home is approved under this section, the institution which submitted its Program application shall be informed of the responsibility to notify the State agency if the licensing application of the center or home is approved or denied by the licensing authority. The State agency shall terminate the Program participation of any independent center or facility so denied licensure or approval, effective the date of the denial. The State agency shall terminate the Program participation of an independent center, or facility, if, one year from the date of Program approval, the State or local licensing authority indicates that the independent center or the facility has failed to take action on completing the requirements for licensing. FNS shall exempt State agencies from implementation of the provisions of this paragraph and of § 226.7(d)(3)(iii) with respect to any type of child care entity (child care center, outside-school-hours care center, day care home) when State law mandates that entities of that type secure State licensure as a prerequisite to operation. State agencies seeking this exemption relative to a given type or types of child care entities shall submit for FNS review and approval documentation from the chief State legal officer that the condition for exemption exists within the State regarding the specified type or types.

(e) *Annual requirements.* State agencies shall require institutions to comply with applicable provisions of this part. Each State agency shall annually:

(1) Enter into and execute a written Program agreement with each institution, or renew such agreement with the written concurrence of the institution. The program agreement shall provide that the institution shall accept final financial and administrative responsibility for management of an effective food service, comply with all requirements under this part, and comply with all requirements under the Civil Rights Act of 1964 and the nondiscrimination regulations of the Department, as now or later amended (7 CFR Part 15), to the end that no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Program.

(2) Require each sponsoring organization to submit a management plan with its application for review and approval. Such a plan shall include detailed information on the organizational administrative structure, the staff assigned to Program management and monitoring, administrative budget, and procedures which will be used by the sponsoring organization to administer the Program in and disburse payments to the child care facilities under its jurisdiction.

(3) Require each institution to submit an administrative budget. Each sponsoring organization shall be required to incorporate this budget into its management plan.

(4) Determine that all meal procurements with food service management companies are in conformance with the bid and contractual requirements of § 226.23.

(5) Inquire as to the preference of institutions for commodities or cash-in-lieu of commodities.

(6) Provide institutions with information on foods available in plentiful supply, based on information provided by the Department.

(7) Inform institutions with separate meal charges of their responsibility to ensure that free and reduced-price meals are served to children unable to pay the full price and provide to all institutions a copy of the State's income standards to assist them in meeting their responsibility.

(f) *Program expansion.* Each State agency shall take affirmative action to expand the availability of benefits under this Program. As a minimum, the State shall annually notify each nonparticipating child care center, outside-school-hours care center, and day care home within the State that is licensed, approved, registered, or receiving funds under Title XX of the availability of the Program, the requirements for Program participation, the availability of food service equipment funds under the Program, and the application procedures to be followed in the Program. The State agency shall make the list of child care centers, outside-school-hours care centers, and day care homes notified each year available to the public upon request.

(g) *Commodity distribution.* The State shall annually inquire as to the preference of each institution for commodities or cash-in-lieu of commodities. Each institution electing cash-in-lieu of commodities shall receive such payments. Each institution which elects to receive commodities shall have commodities provided to it unless the State agency, after consultation with the State commodity distribution agency, demonstrates to FNS that distribution of commodities to the number of such institutions would be impracticable. The State agency may then, with the concurrence of FNS, provide cash-in-lieu of commodities for all institutions. A State agency request for cash-in-lieu of all comodities shall be submitted to FNS not later than May 1 of the school year preceding the school year for which the request is made. The State agency shall, by June 1 of each year, submit a list of institutions which have elected to receive commodities to the State commodity distribution agency, unless FNS has approved a request for cash-in-lieu of commodities for all institutions. The list shall be accompanied by information on the average daily number of lunches and suppers to be served to children by each such institution. The State agency may, with the concurrence of the State distribution agency, permit institutions to change their choice between commodities and cash-in-lieu of commodities during the same fiscal year.

(h) *Standard contract.* Each State agency shall develop a standard contract in accordance with § 226.22 and provide for its use between institutions and food service management companies. The contract shall expressly and without exception stipulate:

(1) The institution shall provide the food service management company with a list of the State agency approved child care centers, day care homes, and outside-school-hours care centers to be furnished meals by the food service

management company, and the number of meals, by type, to be delivered to each location;

(2) The food service management company shall maintain such records (supported by invoices, receipts or other evidence) as the institution will need to meet its responsibilities under this part, and shall promptly submit invoices and delivery reports to the institution no less frequently than monthly;

(3) The food service management company shall have Federal, State or local health certification for the plant in which it proposes to prepare meals for use in the Program, and it shall insure that health and sanitation requirements are met at all times. In addition, the State agency may require the food service management company to provide for meals which it prepares to be periodically inspected by the local health department or an independent agency to determine bacteria levels in the meals being prepared. These bacteria levels shall conform to the standards which are applied by the local health authority with respect to the level of bacteria which may be present in meals prepared or served by other establishments in the locality. Results of these inspections shall be submitted to the institution and to the State agency;

(4) The meals served under the contract shall conform to the cycle menus upon which the bid was based, and to menu changes agreed upon by the institution and food service management company;

(5) The books and records of the food service management company pertaining to the institution's food service operation shall be available for inspection and audit by representatives of the State agency, of the Department, and of the U.S. General Accounting Office at any reasonable time and place, for a period of 3 years from the date of receipt of final payment under the contract, or in cases where an audit requested by the State agency or the Department remains unresolved, until such time as the audit is resolved;

(6) The food service management company shall operate in accordance with current Program regulations;

(7) The food service management company shall not be paid for meals which are delivered outside of the agreed upon delivery time, are spoiled or unwholesome at the time of delivery, or do not otherwise meet the meal requirements contained in the contract;

(8) Meals shall be delivered in accordance with a delivery schedule prescribed in the contract;

(9) Increases and decreases in the number of meal orders may be made by the institution, as needed, within a prior notice period mutually agreed upon in the contract;

(10) All meals served under the Program shall meet the requirements of § 226.21; and

(11) All breakfasts, lunches, and suppers delivered for service in outside-school-hours care centers shall be unitized, with or without milk, unless the State agency determines that unitization would impair the effectiveness of food service operations. For meals delivered to child care centers and day care homes, the State agency may require unitization, with or without milk, of all breakfasts, lunches, and suppers only if the State agency has evidence which indicates that this requirement is necessary to ensure compliance with § 226.21.

(i) *Procurement provisions.* State agencies shall require institutions to adhere to the procurement provisions set forth in § 226.23.

(j) *Institution appeal procedures.* Each State agency shall establish an appeal procedure to be followed by an institution requesting a review of a denial of an institution's application for participation, a denial of an application submitted by a sponsoring organization on behalf of a facility, a termination of the participation of an institution or facility, a suspension of an institution's agreement, a denial of an institution's application for start-up payments, a denial of an advance payment, a denial of all or a part of the claim for reimbursement, demand for the

remittance of an overpayment, and any other action of the State agency affecting the participation of an institution in the Program or the institution's claim for reimbursement. At a minimum, the procedure shall provide that:

(1) The institution shall be advised in writing of the grounds on which the State agency based its action. The notice of action, which shall be sent by certified mail, return receipt requested, shall also include a full description of the institution's rights and responsibilities under this section;

(2) The written request for review shall be filed by the appellant not later than 15 calendar days from the date the appellant received the notice of action, and the State shall acknowledge the receipt of the request for appeal within 10 calendar days;

(3) The appellant may refute the charges contained in the notice of action in person and by written documentation to the review official. In order to be considered, written documentation must be filed with the review official not later than 30 calendar days after the appellant received the notice of action. The appellant may retain legal counsel, or may be represented by another person. A hearing shall be held by the review official in addition to, or in lieu of, a review of written information submitted by the appellant only if the appellant so specifies in the letter of request for review. Failure of the appellant institution's representative to appear at a scheduled hearing shall constitute the appellant institution's waiver of the right to a personal appearance before the review official, unless the review official agrees to reschedule the hearing;

(4) If the appellant has requested a hearing, the appellant shall be provided with at least 10 calendar days advance written notice, sent by certified mail, return receipt requested, of the time and place of the hearing;

(5) Any information on which the State agency's action was based shall be available to the appellant for inspection from the date of receipt of the request for review;

(6) The review official shall be an independent and impartial official other than, and not accountable to, any person authorized to make decisions that are subject to appeal under the provisions of this section;

(7) The review official shall make a determination based on information provided by the State agency and the appellant, and on Program regulations;

(8) Within 60 calendar days of the State agency's receipt of the request for review, the review official shall inform the State agency and the appellant of the determination of the review;

(9) The State agency's action shall remain in effect during the appeal process. However, participating institutions and facilities may continue to operate under the Program during an appeal of termination, unless the action is based on imminent dangers to the health or welfare of children. If the institution or facility has been terminated for this reason, the State agency shall so specify in its notice of action; and

(10) The determination by the State review official is the final administrative determination to be afforded to the appellant.

(k) *Program assistance.* Each State agency shall provide technical and supervisory assistance to institutions and facilities to facilitate effective Program operations, monitor progress toward achieving Program goals, and ensure compliance with the Department's nondiscrimination regulations (Part 15 of this title), issued under Title VI of the Civil Rights Act of 1964. Documentation of supervisory assistance activities, including reviews conducted, corrective actions prescribed, and follow-up efforts, shall be maintained on file by the State agency. Program reviews shall assess institutional compliance with meal requirements, family-size and income documentation where applicable, financial management standards, and non-discrimination regulations. The State agency shall annually review 33.3 percent of all institutions, including reviews of 15 percent of the child care centers and outside-school-hours care

centers under each sponsoring organization reviewed, and 10 percent of the first 1,000 day care homes and 5 percent of the homes in excess of 1,000 under each sponsoring organization reviewed. Such reviews shall be made for newly participating sponsoring organizations with five or more child care facilities within the first 90 days of Program operations. The State agency review system shall ensure that all institutions are reviewed at least once every four years.

(l) *Program irregularities.* Each State agency shall promptly investigate complaints received or irregularities noted in connection with the operation of the Program, and shall take appropriate action to correct any irregularities. State agencies shall maintain on file evidence of such investigations and actions. FNS and OIG may make investigations at the request of the State agency, or whenever FNS or OIG determines that investigations are appropriate.

(m) *Child Care Standards Compliance.* The State agency shall, when conducting administrative reviews of child care centers, outside-school-hours care centers, and day care homes approved by the State agency under paragraphs (d)(3) and (4) of this section, determine compliance with the child care standards used to establish eligibility and ensure that all violations are corrected. If violations are not corrected within 60 calendar days of written notification to the institution, the State agency shall terminate the Program participation of the violating institution or facility. However, if the health or safety of the children is imminently threatened, the State agency may immediately terminate participation of the institution or facility. If, during an administrative review of a child care center, outside-school-hours care center, or day care home not approved by the State agency under paragraphs (d)(3) and (4) of this section, the State agency observes violations of applicable health, safety, or staff-child ratio standards, or attendance in excess of licensed capacity, the State agency shall promptly refer such violations to the appropriate authority. The State agency may deny reimbursement for meals served to attending children in excess of authorized capacity.

(n) *Sponsoring organization agreement.* Each State agency shall develop and provide for the use of a standard form of agreement between each day care home sponsoring organization and all day care homes participating in the Program under such organization. State agencies may develop a similar form for use between sponsoring organizations and other types of facilities.

EXCERPTS FROM:

FEDERAL REGULATIONS

CIVIL RIGHTS

TITLE 7

CODE OF FEDERAL REGULATIONS

PART 250.13

7 CFR, Part 250.13

FEDERAL REGULATIONS--CIVIL RIGHTS

Recipient agencies must comply with the U. S. Department of Agriculture Regulation 7 CFR, Part 250.13(d) which states:

> "Distributing agencies and recipient agencies are subject to the Department's regulations effectuating Title VI of the Civil Rights Act of 1964 (Part 15 of this Title) to the end that no persons in the United States shall, on the grounds of race, color, sex, religion, age, or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program receiving Federal Financial Assistance from the Department."

Recipient agencies must assure that all commodities received will be served in a common dining room wherever possible, and there will be no distinction or segregation whatever, because of a person's race, creed, or national origin.

Recipient agency must assure the Office of Surplus Property that in its administration of donated food program, it will comply with all requirements imposed by or pursuant to the Civil Rights Acts of 1964 and the U. S. Department of Agriculture Regulations 7 CFR, Part 15(a).

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